



Daily Report

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Daily Report

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General

Leaders Attend Asia-Pacific Space Workshop

Qian Qichen Addresses Gathering

OW0112102192 Beijing XINHUA in English 0904
GMT 1 Dec 92

[Text] Beijing, December 1 (XINHUA)—Over 130 space officials and experts met here today anticipating intensified collaboration in space technology and application as China is busy making preparations to launch another satellite for Australia.

During the five-day workshop, attended by 23 countries and regions including China, Pakistan, Thailand, India, Indonesia, South Korea, Japan and Mongolia, participants will seek possibilities, ways and principles on Asia-Pacific space collaboration.

Meanwhile, the models of such cooperation, the establishment of small satellite networks and their use in disaster prevention and remote sensing, are also included in the agenda.

Liu Jiuyan, vice-minister of China's aerospace industry, said that space technology has demonstrated its special role in the advancement of world civilization and the livelihood of mankind since the world's first satellite was launched in 1957.

But now, he said, nearly 60 countries in the world have joined in advances in space technology and over a hundred countries and regions have benefited from them.

Qian Qichen, China's state councillor and foreign minister, addressed today's opening ceremony. He said that Asian and Pacific countries have made remarkable progress in the development of space technology and applications. However, he said, these advances cannot meet the area's economic and social demands and one single country cannot solve the shortage in capital, technology and lack of information as most of these countries are still underdeveloped. Thus, international cooperation is necessary to achieve this end, he said.

As a large country in the region, Qian said, China has worked to enhance regional economic, technological, and space cooperation, and is willing to make further contributions in space cooperation.

The current workshop is sponsored by China, Pakistan, and Thailand, and it is the first of the kind in the area.

Jiang Zemin Meets Specialists

OW0112094592 Beijing XINHUA in English 0931
GMT 1 Dec 92

[Text] Beijing, December 1 (XINHUA)—Chinese party leader Jiang Zemin today met with over 130 space

specialists, who are meeting here to seek ways to enhance multilateral cooperation and application in the Asian and Pacific regions.

Jiang, general secretary of the Chinese Communist Party Central Committee, extended his welcome to the delegates from 23 countries and regions, attending a workshop here and wished the meeting a success.

The five-day workshop opened here today. Specialists will work out plans for regional space cooperation and discuss some legal and financial issues concerning the collaboration.

Qian Qichen Attends Disabled Persons Meeting

Addresses Opening Ceremony

OW0112111892 Beijing XINHUA in English 0839
GMT 1 Dec 92

[Text] Beijing, December 1 (XINHUA)—The meeting to launch the Asian and Pacific Decade of Disabled Persons opened here this morning.

More than 100 representatives from over 20 Asia-Pacific countries, as well as officials from the Economic and Social Commission for Asia and the Pacific (ESCAP) and the United Nations, are participating in the meeting.

ESCAP adopted a resolution in April this year in Beijing to define the period from 1993 to 2002 as the "Asian and Pacific Decade of Disabled Persons," and today's meeting aims to draft an agenda for action and a proclamation on the full participation and equality of disabled people in the Asia-Pacific region.

Chinese State Councillor and Foreign Minister Qian Qichen made a speech at the opening ceremony today.

He said that over the past decade, the efforts of various governments, U.N. agencies and organizations for disabled persons have yielded noticeable results in handling disability matters in the Asia-Pacific region, enhancing public awareness of the needs and concerns of people with disabilities, improving facilities for the rehabilitation of disabled persons and creating educational and employment opportunities and improving living conditions.

However, he said, people should remain soberly aware that the goals identified in the world program of action concerning disabled persons such as equal rights, equal opportunities, full participation in social life, and sharing of material and cultural fruit are far from being fulfilled.

He said that China will actively support and participate in the activities of the Asian and Pacific decade of disabled persons, increase its cooperation with ESCAP and its members, and make contributions to equal and full participation of disabled persons in social life and to the political stability, economic prosperity, and social progress of the Asia-Pacific region, so as to build a better future.

Deng Pufang, chairman of the China Disabled Peoples' Federation, said at the opening ceremony that China is one of the sponsors, as well as an active supporter, of the "Asian and Pacific Decade of Disabled Persons." The Chinese Government has made a decision to contribute 50,000 U.S. dollars to ESCAP for this decade's activities. In the coming 10 years China will act to improve the social environment of disabled persons.

Executive Secretary of ESCAP Rafeeuddin Ahmed sent a message of congratulations to the meeting. Mohammad Sharif, deputy director of the social development division in the Center for Social Development and Humanitarian Affairs of the United Nations office at Vienna, and Eita Yashiro, chairperson of the Asia-Pacific Regional Council of the Disabled Persons International, also made speeches at the opening ceremony.

Greets Delegation Leaders

*OW0112114292 Beijing XINHUA in English 0850
GMT 1 Dec 92*

[Text] Beijing, December 1 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen met with representatives participating in the "meeting to launch the Asian and Pacific decade of disabled persons" which opened here this morning.

Qian met the leaders of delegations from more than 20 countries, as well as Edward Van Roy, chief of the social development division of the Economic and Social Commission for Asia and the Pacific, Mohammad Sharif, deputy director of the social development division under the Center for Social Development and Humanitarian Affairs of the United Nations office at Vienna, and Eita Yashiro, chairperson of the Asia-Pacific regional council of the Disabled Peoples' International.

Envoy to UN Discusses Cambodian Settlement

*OW0212073292 Beijing XINHUA Domestic Service in
Chinese 1215 GMT 1 Dec 92*

[Text] United Nations, 30 Nov (XINHUA)—Li Daoyu, Chinese permanent representative to the United Nations, today explained why China will abstain from voting on the UN Security Council's draft resolution to impose trade sanctions against the party of Democratic Kampuchea. He fully expounded China's position on settling the Cambodian issue.

Li Daoyu stated: The Chinese delegation endorses those parts of the draft resolution which urge all parties to abide by their cease fire obligations and exercise restraint, but maintains the part about sanctions and general three-party elections being at variance with the "Paris agreement." He said: "While sanctions cannot settle the issue, they will sharpen differences and contradictions, and may even cause new complexities in Cambodia. Thus, China is not in favor of imposing sanctions of any form on any faction in Cambodia."

He added: "The Chinese delegation can only cast its abstention vote on the draft resolution."

Recalling the peace process achieved in Cambodia since the signing of the "Paris agreement" over a year ago, Li Daoyu pointed out: "When the cease fire entered its second phase last June, the peace process encountered difficulties owing to all kinds of reasons. The issue of common concern now is how to deal with the problems which appear in the implementation of the Paris agreement."

He continued: "The Paris agreement are hard earned. They are the result of the hard work accomplished by all Cambodian factions and the international community, and serve as the foundation for a comprehensive settlement of the Cambodian issue. Ever since the agreements were signed, China has been underscoring the importance of fully implementing the agreements as well as the need to strictly observe and implement the principles and articles of the agreements."

Li Daoyu added: "As to the problems encountered during the course of implementing the Paris agreement, we always believe that settlement of these problems requires patience as well as determination, and that we should strive to dissolve and eliminate differences and seek a proper solution to the problems on the basis of the Paris agreement and through dialogue and consultations. China has exerted its efforts to this end."

He said: "China treats all Cambodian factions equally. We are not partial to any one side. We hope all sides will cooperate with the UN organs in Cambodia, will earnestly implement the Paris agreement, and will patiently and properly deal with the problems encountered during the course of implementing the agreements. China seeks no private interests from the Cambodian issue. The only objective which China strives to attain is to see Cambodia eventually become an independent, peaceful, and neutral state through comprehensive implementation of the Paris agreement."

Li Daoyu pointed out: "Implementing the Paris agreement is the best way to achieve a comprehensive political settlement of the Cambodian issue and achieve national reconciliation in Cambodia; it is good for achieving lasting peace and stability in Cambodia, and it is the common wish of the Cambodian people as well as the international community. Thus, all factions should continue to exercise restraint and work hard to overcome problems and eliminate differences through consultations so that the Paris agreement can be implemented comprehensively. When full implementation of the agreements has not yet been achieved, the pressing task at present is to take effective steps to prevent intensification of the contradictions and reignition of war flames."

He added: According to the "Paris agreement," in the case of sanctions involve neighboring countries, their sovereignty should also be respected and their views fully

heeded. "Meanwhile, we are deeply worried about the adverse consequences which three-party elections may generate."

In conclusion, Li Daoyu pointed out: China have always strived for a comprehensive political settlement of the Cambodian issue. We have always respected Samdech Sihanouk and the Cambodian people's own choice. It is our hope that, under the leadership of Samdech Sihanouk, the Cambodian people can overcome difficulties and build Cambodia into an independent, peaceful, and neutral country. While we have made unremitting efforts in this regard, we also hope the international community will join us and make efforts to achieve this objective.

Representative to UN Voices 'Concern' on Balkans

OW0212084892 Beijing XINHUA in English 0532
GMT 2 Dec 92

[Text] Geneva, December 1 (XINHUA)—Jin Yongjian, Chinese representative of the UN Human Rights Commission, today urged all warring sides of former Yugoslavia to achieve ceasefire and resolve their disputes through negotiations.

A 53-member UN Human Rights Commission met in special session for the second time to discuss the Yugoslav issue.

At the meeting which ended today, a resolution on ex-Yugoslav human rights was passed. China voted for it.

Jin, on behalf of the Chinese Government, voiced concern about the current Yugoslav problems, especially the problems of homeless refugees, casualties and massive losses that are results of continued conflict.

Jin said China regrets mistreatment of the civilians in violation of the "Geneva Convention." He called for compliance with "the UN Charter" and "the Universal Declaration of Human Rights" to secure the human rights and basic freedom of Bosnia-Herzegovina people.

China had reservations over wording of the resolution which confused the power of the Security Council with the Human Rights Commission, he said. The human rights issue was not the responsibility of the Security Council, he added.

The UN resolution condemns any violation of human rights occurring in ex-Yugoslavia, calling on all parties involved to close the detention camps and release the innocents.

Russian representatives expressed their reservations on particular phrases in the resolution condemning the Serb leaders and Yugoslav troops.

Health Official Reports 969 AIDS Cases

OW0112141892 Beijing XINHUA in English 1332
GMT 1 Dec 92

[Text] Beijing, December 1 (XINHUA)—China now has 969 reported cases of AIDS infection, a health official said here today.

So far, China has found 12 AIDS victims, nine of whom have died, the official said.

Investigation showed that HIV/AIDS is transmitted through sexual activity and intravenous drug use in China. Some 148,000 drug users were registered last year in the country. Over 360,000 persons have been detected with a sexually transmitted disease (STD) this year.

These STD victims and drug abusers are at risk of AIDS infection, said AIDS specialists. Statistics show that 74 percent of the HIV carriers in China are drug abusers.

Today is the "World AIDS Day." World AIDS Day 1992 focuses on the community, with events organized around the world to recognize the vital role that communities play in responding to the HIV epidemic, said an official from the World Health Organization at a conference held here for the "World AIDS Day".

Chen Minzhang, minister of public health, said at the conference that governments at all levels, non-governmental organizations and communities all over the country should undertake commitments for AIDS prevention and control.

The Chinese Government has always attached importance to preventing and controlling the spread of AIDS, the minister said. So far, a national testing, research and surveillance system for AIDS control has been initially formed in the country.

Chen urged all communities in the country to take part in AIDS prevention activities. Meanwhile, more extensive cooperation should be made for AIDS control between China and other countries and regions in the world, he said.

WHO Official on AIDS Fight

HK0112101392 Hong Kong AFP in English 0838 GMT
1 Dec 92

[Text] Beijing, Dec 1 (AFP)—Time is running out for China to fight AIDS with changing lifestyles greatly increasing the disease's chance of spreading in the world's most populous country, the World Health Organization (WHO) said Tuesday.

"For the last three years, WHO has urged that there is still time to act. That time is rapidly running out," the United Nations body's representative in Beijing, Bernard Kean, told a gathering to mark World AIDS Day.

China has detected 932 people who carry the human immunodeficiency virus (HIV) believed to cause AIDS, most of them intravenous drug users in the southern province of Yunnan.

Only 12 people have had full-blown AIDS symptoms, five of them foreigners or overseas Chinese.

But Kean warned that with the country's fast economic development, increasing drug use and prostitution could help spread the disease, which is generally transmitted sexually or by the use of shared needles for injecting drugs.

"There is a rapidly expanding portion of the population that is mobile and affluent," he said. "Among this sector is a growing number of people who patronize prostitutes or use drugs."

"Unfortunately, the very people who are personally benefitting from economic progress may include those most at risk for HIV transmission," the representative said.

No sexually transmitted diseases were detected in China in 1979, but just 13 years later, there are more than 360,000 cases, he said. The authorities registered 148,000 drug users last year, which Kean said suggested that three times that number of people actually abused drugs.

Another official, Arthur Holcombe, resident representative of the United Nations Development Program, called on China to learn from the experience of neighboring countries to try to change the behavior of high-risk groups instead of driving them underground.

"Public policy should be based on realities, not ideals, regarding drug using and sexual behaviors, and (should) concentrate on making drug using and sexual behaviors safe," Holcombe said.

He urged the promotion of condom use among prostitute clients and supplying clean syringes and needles to drug users instead of jailing them.

But according to Western AIDS experts here, the chances are slim that the government will stop seeing homosexuals, prostitutes and drug users as criminals for the sake of disease prevention.

"The police state mentality here says you have to prosecute them, which is really an obstacle to designing education and prevention programs," one of the experts said.

Ignorance and fear about AIDS remains high in China, even among health workers. Farmers in a Beijing suburb were last year reported to have burned oil paintings they thought could spread the disease.

The government has not implemented a long-term AIDS control program, but started a three-year program in

1990 that includes limited HIV testing, training of health workers and condom production and distribution.

China is also searching its traditional herbal pharmacopeia for an AIDS cure and has reported promising results with a drug called "glyke" in tests conducted on Tanzanian subjects.

United States & Canada

Minister Expresses Hope on U.S. MFN Status

OW0212024392 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 1 Dec 92

[From the "News and Current Events" program]

[Text] Speaking in Beijing on 1 December, Tong Zhiguang, our country's vice minister of foreign economic relations and trade, said: China has always valued its trade relations with the United States. It is hoped that the United States will adopt specific measures, as China has done, to contribute toward maintaining and developing economic relations and trade between the two countries.

Tong Zhiguang said: In recent years, China and the United States have encountered some difficulties in developing trade. Nevertheless, economic cooperation and trade between the two countries has continued to grow. After holding protracted talks, the two sides have now [words indistinct] on intellectual property rights, banning the export of prison-made products, and market access. Sino-U.S. trade has begun to develop normally following the resolution of these issues.

The [words indistinct] attitude of the United States toward trade with China has [words indistinct] China's most-favored-nation [MFN] status. China's MFN status in its trade with the United States is [words indistinct] in trade relations between the two countries. Conditional renewal of this status will harm not only China but also the United States.

The upcoming seventh Sino-U.S. joint conference on economic relations and trade in Beijing is the first [words indistinct] between the two countries during the past three years. China hopes that the two countries will reach understanding on the MFN issue during the conference so that they will not (?dispute) over this issue every year.

Beijing Purchases U.S. Telecom Satellite

OW0212075592 Beijing XINHUA in English 0721 GMT 2 Dec 92

[Text] Beijing, December 2 (XINHUA)—China bought a telecommunications satellite from a U.S. company today to boost its capacity for TV broadcasting, telephone service and data transmission.

The satellite, which is in orbit in the western hemisphere, is the first satellite China has bought from a foreign country.

According to the contract signed between China Telecommunications Broadcast Satellite Corporation and the GTE Spacenet of the United States, the satellite will be directed to the eastern hemisphere next April and finally fixed at 115.5 degrees east after two months, traveling over 100,000 kilometers.

By then, the satellite will provide 10,000 lines in satellite telecommunications which can transmit over ten TV programs for the Chinese audience, thus greatly easing the shortage in China's existing telecommunications system.

According to sources from the Ministry of Posts and Telecommunications, China has built two satellite communications earth stations in Beijing and Shanghai, connecting over 2,000 international telecommunications lines. And satellite communications have provided over 85 percent of the international telecommunications business apart from the areas from Guangzhou to Hong Kong and Macao.

By now, China has built over 30,000 TV receiving stations across the country and the programs by China Central Television Station can reach more than 90 percent of the country.

Meanwhile, a total of 24 transmitters on three Chinese satellites and transmitters leased overseas are working to provide satellite telecommunications services. The new satellite can provide another 36 transmitters.

Clinton To Strengthen U.S.-Latin American Ties

OW0212042592 Beijing XINHUA in English 0203
GMT 2 Dec 92

[Text] Washington, December 1 (XINHUA)—U.S. President-Elect Bill Clinton said Tuesday he wanted to strengthen U.S. relationships with Latin American nations, according to a summary released by Clinton's office.

In conversation with Argentina's President Carlos Menem by phone from Little Rock, Arkansas, Clinton said, "I want you to be assured that I intend to build on relationships of the past four years and make the next four years even stronger," the summary said.

Clinton affirmed his commitment to the North American Free Trade Agreement, and said he would like to negotiate similar agreements with other Latin American nations, it said.

Clinton congratulated Latin American leaders for their commitment to democracy; pledged "a new era and spirit of cooperation" to promote open markets, economic development, and environmental improvements; and urged a slowdown of weapons proliferation in the region, the summary said.

Menem, who spoke with Clinton on behalf of his Latin American counterparts, urged the president-elect to end subsidies to U.S. products that compete with Latin American goods. The Argentine president also spoke by telephone with U.S. President George Bush on the same day.

XINHUA Notes Bush To Give Farewell Speech

OW0212042692 Beijing XINHUA in English 2253
GMT 1 Dec 92

[Text] Washington, December 1 (XINHUA)—U.S. President George Bush is expected to give two farewell speeches in late December or early January in Texas, summing up his White House experience, a government official said here today.

With less than seven weeks to go in office, the U.S. chief executive, admittedly disappointed but philosophical that he failed to win the presidential election, is also wrapping up his office duties with some mandatory reports to Congress on his agenda, White House sources said.

Farewell speeches date back to the first U.S. President George Washington and his farewell address is still read annually in the U.S. Senate on his birthday.

In addition, Bush is also preparing a 100-page summary budget report which will be sent to Congress in mid-January before President-Elect Bill Clinton's inauguration on January 20.

The budget report will be followed by an economic report which will project a rosier outlook than the recession for the U.S. economy during the presidential election campaign.

President Bush has a heavy social calendar during this month when he and his wife will combine their farewells with traditional series of Christmas parties, White House sources said.

Central Eurasia

XINHUA Notes Russia's Foreign Policy Line

OW0212051392 Beijing XINHUA in English 0436
GMT 2 Dec 92

[Text] Moscow, December 1 (XINHUA)—Russia emphasizes establishing good relations with other CIS states, China, the United States and Japan, according to a Foreign Ministry guideline, INTERFAX agency reported.

The guideline, which is viewed as the basic thoughts for Russia's foreign policy, intends to see implemented multilateral and peaceful diplomacy and more emphasis put on relations with Eastern countries than in the past.

Developing relations with China is "imperative," because from observing China, Russia stands to learn much that it can use in its own reform, the guideline said.

Russia is going to establish steady relations with the United States with the first step being to become a strategic partner and then ally. But Russia will resist any attempt by the U.S. to become the only superpower, it said.

Russia will have no hope of counting on widespread cooperation from Japan while problems between the two countries, left over from the second world war, go unresolved, it said.

Russia is willing to see the Korean peninsula unified, which its leaders think would eliminate an instability factor along the Russian border. A unified Korea would allow Russia to play a greater role in the region, it said.

The current task for Russia is to stop any Russian-involved armed conflicts and to prevent conflicts from spreading into Russia, the guideline said.

'Roundup' Examines Economic Reforms

OW0212085792 Beijing XINHUA Domestic Service in Chinese 0317 GMT 28 Nov 92

["Roundup" by XINHUA correspondent Sun Zhanlin (1327 0594 2651): "Progress and Problems in Russia's Economic Reforms"]

[Text] Moscow, 28 Nov (XINHUA)—Ever since Russia embarked on a radical economic reform program in January this year, it has made some progress in privatizing state property. The nation's experiment with some new systems of economic management—such as selling the stocks of enterprises—to meet the needs of the market economy have also begun, and Russia's agricultural output this year is better than last year. However, the economic situation in Russia as a whole is worsening.

Privatizing state property is the focal point of Russia's economic reforms. After commercial businesses, service trades, food businesses, and medium and small enterprises took the initiative to sell their stocks in the first six months this year, large enterprises followed suit in August. It has been reported that in Russia 24,000 enterprises were privatized in the first nine months of this year. According to government regulations, the majority of state enterprises with assets exceeding 50 million rubles must become joint-stock enterprises by the end of the year. During the period from 15 December to the end of 1993, 6,000 enterprises in Russia will permit Russians to purchase stocks with privatization coupons issued by the state. By 1 October, nearly 150,000 private family-operated farms owning 6.3 million hectares of land had been established in Russia.

Members of the highest leading hierarchy in Russia are vastly different in assessing the progress of reforms. President Yeltsin maintains that the period marked by the most grave economic difficulties has gone, that a new

system of economic management has started to be established, that new market relations are taking shape, and that the most important mission at present is to safeguard reform policies and ensure the continuity of reforms. But national assembly leaders stress that radical government-sponsored reforms have neither broken the monopoly by state enterprises on production and prices, nor have they become mechanisms encouraging competition. On the contrary, they say the reforms have aggravated the economic crisis and created a "barbaric" market economy. Vice President Rutskoy maintains that Russia's political and economic state has become "bogged down in a quagmire."

According to Russia's official announcement, as compared with the same period last year, the total value of Russia's industrial output during the January-September period this year declined 17.6 percent on a monthly average. The output of petroleum, which is one of Russia's main exports and source of foreign exchange, declined 14 percent during this period, falling to 49 million tonnes; moreover, owing to insufficient investment and outmoded equipment, Russia can only produce 395 million tonnes of petroleum this year. Production within Russia's defense industry, known as the pillar of the economy, will decline by 67 percent this year. It has also been reported that the decreasing momentum of Russia's industrial production in October and the first half of November has yet to be reversed.

Ever since Russia decontrolled its commodity prices early this year, prices of consumer goods and services have continued to spiral. According to official figures, these prices increased by 12.1 times in last September. Food prices in October increased 28 percent on average, setting a record high for this year's food price increase. Government officials say the monthly inflation rates presently range from 25 to 27 percent. As a result of continuous inflation, the ruble has been repeatedly devalued. The exchange rate between the ruble and the U.S. dollar has fallen from 230:1 earlier this year to 448:1 at present.

While commodity prices have increased by more than 10 times, workers' average wages have increased by only 5.5 times. According to a government announcement at the end of October, workers' average wages in September were 7,200 rubles, or about \$20 based on the exchange rates at that time. It has been reported that 30 million people (or one-fifth of the country's population) are living beneath the poverty line. In other words, this many people cannot maintain the minimum standard of living.

The livelihood of some Russians has gone from bad to worse owing to the constant expansion of the number of unemployed. As of 1 October, the number of registered unemployed in Russia had reached 400,000. According to experts, this number will have reached 2.2 million by the end of the year.

Acting Premier Gaydar recently reported at the Russian National Assembly that the majority of people could maintain the same living standards as in the 1970s. But Volskiy, chairman of the Russian Union of Industrialists and Entrepreneurs, said the Russians' living standards have regressed by at least 30 to 40 years in terms of consumption of basic foods and textile products. Many Russian economists have urged the government to renounce its "shock therapy" and proceed gradually and steadily with economic reforms.

Vice President Rutskoy recently stated that radical reform policies will be readjusted early next year. He predicted the Russian economy will improve in three to five years.

General Zhang Zhen Meets Lithuanian Minister

OW0112131492 Beijing XINHUA in English 1237
GMT 1 Dec 92

[Text] Beijing, December 1 (XINHUA)—General Zhang Zhen, vice chairman of the Central Military Commission, met with visiting Lithuanian Defense Minister Audrius Butkevicius here today.

In the meeting, Zhang and Butkevicius voiced the mutual wish to further bilateral friendly cooperation in a wide range of fields, including economics, trade and culture. Also, they hoped to strengthen exchanges in the military sector.

Butkevicius, leading the first Lithuanian military delegation to China, arrived in Beijing yesterday on a five-day visit at the invitation of Chinese State Councillor and Defense Minister Qin Jiwei.

Southeast Asia & Pacific

Reportage on Li Peng's Continuing SRV Visit

Talks With Farmers

OW0112134892 Beijing XINHUA in English 1320
GMT 1 Dec 92

[Text] Hanoi, December 1 (XINHUA)—Chinese Premier Li Peng, accompanied by Chairman of the Vietnamese Government Reception Committee Nguyen Cong Tan, visited the Da Ton agricultural producers' cooperative in the suburbs of Hanoi.

The cooperative, 12 kilometers to the east of Hanoi, is made up of five villages and has a total population of 8,560.

Li Peng was told that in addition to farming, the villages also operate pottery, embroidery, carpet-weaving, garment-making and brick-making.

During a free conversation with Do Bien Cuong and Nguyen Van Nguyen, two farmers of the cooperative, the

premier learned that the income of each of the two families reaches about 20 million dong (nearly 2,000 U.S. dollars) a year.

According to the head of the cooperative, about 70 percent of the households in the cooperative have television sets, of which about 20 percent are color ones.

Li Lanqing, Le Van Triet Discuss Trade

OW0112145092 Beijing XINHUA in English 1433
GMT 1 Dec 92

[Text] Hanoi, December 1 (XINHUA)—China and Vietnam have vast potentials for further economic and trade cooperation, said a senior Chinese official here today.

In a meeting with Vietnamese Minister of Trade Le Van Triet, Li Lanqing, Chinese minister of foreign economic relations and trade, recalled the progress in the bilateral economic and trade relations over the past year since the normalization of relations in November last year.

Li said that since the two countries have great potentials for economic cooperation, what the two sides have done is only a beginning.

Li Lanqing, a member of Premier Li Peng's entourage, said that both sides are keen on developing economic and trade relation.

However, he added, some problems emerged in this aspect.

Li expressed the belief that all the problems can be settled through efforts from both sides.

Triet said that according to statistics, the trade volume between the two countries increased by 50 percent this year over last year.

The two ministers discussed concrete ways to expand bilateral trade and methods to solve the existing problems.

They agreed that large companies of the two countries should increase contacts so as to promote trade relations.

The two ministers also pointed out that smuggling is one of the main problems in bilateral trade.

They agreed that experts of the two countries will study ways to crack down on smuggling.

Trade Ministers Open Exhibition

OW0112103592 Beijing XINHUA in English 1010
GMT 1 Dec 92

[Text] Hanoi, December 1 (XINHUA)—A large-scale Chinese trade exhibition opened in Hanoi today.

The exhibition was opened at a time when Chinese Premier Li Peng was making a five-day official goodwill visit to Vietnam beginning yesterday.

The exhibition covers a total floor space of 4,000 square meters, featuring products of space technology, aviation equipment, computers, vehicles, machinery, instruments, building materials, household electrical appliances, petrochemicals, light industrial products, and sports and educational articles.

The exhibits, which have come from 16 of China's provinces and municipalities, provide facets of China's great achievements made since 1978, when China began to pursue a policy of reform and opening to the outside world.

Speaking at the opening ceremony, both Zheng Hongye, chairman of the China Council for the Promotion of International Trade, and Dinh Quang, vice minister of culture and information, said the exhibition was providing enterprises and businessmen of the two countries with an opportunity to know each other and to expand cooperation. Li Lanqing, minister of foreign economic relations and trade now on Premier Li Peng's entourage, and Vietnamese Minister of Trade Le Van Triet cut the ribbon for the exhibition.

Li Peng, Pham Van Dong Meet

OW0212004492 Beijing XINHUA Domestic Service in Chinese 1510 GMT 1 Dec 92

[By correspondents Zhang Jiaxiang (1728 0502 4382) and Hou Hexiang (0186 7729 4382)]

[Text] Hanoi, 1 Dec (XINHUA)—Chinese Premier Li Peng, who is currently on an official and goodwill visit to Vietnam, had a meeting here this afternoon with Pham Van Dong, adviser to the Vietnamese Communist Party Central Committee.

According to the Chinese Foreign Ministry spokesman, who is also visiting Vietnam with the premier, Premier Li Peng recalled the progress the two countries have achieved in developing their relations since the meeting of leaders of the two countries in 1990, as well as the meetings between the premiers of the two countries in the last two days. Li Peng said: "The two rounds of talks I have had with Premier Vo Van Kiet were fruitful [fu you cheng guo de 1381 2589 2052 2654 4104]. We both agreed to take further steps to develop friendly relations and cooperation between China and Vietnam." As to the problems between the two countries, we have reached consensus on two points: (1) we will use peaceful means to settle disputes and we will neither resort to force nor threat to use force; and (2) the process of negotiations should be accelerated. Before the disputes have been resolved, neither side will let them stand in the way to the development of bilateral relations in various fields. These two points of consensus are of great significance.

Expressing agreement with Premier Li Peng, Adviser Pham Van Dong said: Vietnam and China should develop their bilateral relations on the basis of friendship and reciprocity. As to the problems between the two countries, no matter how complex they may be, they can

be resolved gradually as long as they are treated through goodwill and patient consultations.

Present at the meeting were Nguyen Manh Cam, minister of foreign affairs of Vietnam; Nguyen Cong Tan, head of the government reception group and minister of agriculture and food industry; and Dong Nghiem Hoanh, Vietnamese ambassador to China.

Present at the meeting on the Chinese side were Li Lanqing, minister of foreign economic relations and trade; He Chunlin, deputy secretary general of the State Council; Xu Dunxin, vice foreign minister; Jiang Yunbao, director of the premier's office; and Zhang Dewei, Chinese ambassador to Vietnam.

Theatrical Performance Presented

OW0212034192 Beijing XINHUA Domestic Service in Chinese 1607 GMT 1 Dec 92

[By correspondents Zhang Jiaxiang (1728 0502 4382) and Hou Hexiang (0186 7729 4382)]

[Text] Hanoi, 1 Dec (XINHUA)—This evening Chinese Premier Li Peng attended a theatrical performance sponsored by the Vietnamese Ministry of Culture, Information, and Sports at Ba Dinh [name as received] Hall.

Premier Li Peng and his wife watched the performance in the company of Nguyen Quyet, vice chairman of the Vietnamese Council of State, and his wife; Nguyen Cong Tan, agriculture and food industry minister and chief officer in attendance, and his wife; Tran Hoan, minister of culture, information, and sports; and Vietnamese Ambassador to China Dang Nghiem Hoang.

Li Lanqing, Chinese minister of foreign economic relations and trade; Ambassador to Vietnam Zhang Dewei; and other officials also attended the performance.

To greet Premier Li Peng's visit, the Vietnamese artists performed several Chinese songs and dances along with a variety of Vietnamese songs, dances, and musical programs. Their brilliant performance won one warm applause after another from the audience. Finally, the performance concluded with the lively music and dancing of "Friendly Sentiments Between Vietnam and China," a bamboo-pole dance.

After the performance, Premier Li Peng and his wife were accompanied by Nguyen Quyet and his wife onto the stage to present a basket of flowers to the artists, cordially shaking their hands and posing with them for a group photo.

This afternoon Premier Li Peng's wife, Zhu Lin, visited the Dongda Carpet Factory in Hanoi. She took a brief tour of the city yesterday afternoon.

President Le Duc Anh Invited To Visit

OW0212063192 Beijing XINHUA in English 0555
GMT 2 Dec 92

[Text] Hanoi, December 2 (XINHUA)—Chinese Premier Li Peng's ongoing trip to Vietnam will give an impetus to the further development of the bilateral relations, Vietnamese President Le Duc Anh said here today.

Meeting with Premier Li at the Presidential House here this morning, President Le said the Vietnamese side highly values Li's current visit, adding that the visit will further promote the friendly and cooperative relations between the two countries.

The Chinese premier arrived here on November 30 on a five-day visit.

"After my arrival here, I had very good talks with Prime Minister Vo Van Kiet," Li was quoted by a Chinese official attending the meeting as saying.

Li noted that both sides agreed that the common ground between the two countries outweighs the differences, while problems should be settled through patient and friendly consultations.

"Divergences should not hinder the development of the friendly and cooperative relations between the two countries," Li said.

Le Duc Anh said that problems should not affect the progress of the bilateral friendly and cooperative ties.

Premier Li also noticed improvement in the living standard of the Vietnamese people and said facts had shown that the country's current policies are correct.

During the meeting, Premier Li conveyed Chinese President Yang Shangkun's invitation for President Le to visit China, and President Le accepted the invitation.

Hanoi Trade Exhibition Viewed

OW0212101292 Beijing XINHUA in English 0753
GMT 2 Dec 92

[Text] Hanoi, December 2 (XINHUA)—Chinese Premier Li Peng visited a large-scale Chinese trade exhibition here today.

The exhibition, which opened yesterday at a time when Li Peng was making a five-day visit to Vietnam, is the first of its kind held in Vietnam in three decades.

The exhibition covers a total floor space of 4,000 square meters and features products ranging from space technology, aviation equipment, computers, vehicles, machinery, to products of light industries.

Trade officials from both countries said the exhibition will help provide enterprises and businessmen of the two countries with an opportunity to know each other better and expand cooperation.

Beijing, Hanoi Sign Agreements

OW0212095992 Beijing XINHUA in English 0938
GMT 2 Dec 92

[Text] Hanoi, December 2 (XINHUA)—China and Vietnam signed four agreements on investment, economy, science and technology, and culture respectively at the presidential house here this afternoon.

Visiting Chinese Premier Li Peng and Vietnamese Prime Minister Vo Van Kiet attended the signing ceremony.

The four documents were signed by leading officials from relevant ministries of the two countries on behalf of their respective governments.

The agreements call for encouragement and protection of investment, economic and technical cooperation, scientific and technological cooperation and cultural exchanges.

Visit Hailed as 'Success'

OW0212131092 Beijing XINHUA in English 1247
GMT 2 Dec 92

[Text] Hanoi, December 2 (XINHUA)—Visiting Chinese Premier Li Peng said here this afternoon that his current visit to Vietnam is "a success."

Speaking at a press conference, Li said that his meetings and talks with Vietnamese leaders enhanced mutual understanding between China and Vietnam.

During the meetings and talks, Li said, he had an intensive and in-depth exchange of views with the Vietnamese leaders on a wide range of issues concerning international issues of common interest and bilateral relations.

Li met with Do Muoi, general secretary of the Vietnamese Communist Party earlier this afternoon. He had also met with president Le Duc Anh, and held two rounds of talks with Prime Minister Vo Van Kiet.

The premier said these meetings and talks helped enhance mutual understanding.

"We have reached extensive consensus on many issues," said Li. He added, "If there are still some problems and differences between the two sides, we have reduced and narrowed these points of differences rather than expanding them, as a result of the current visit."

Li Peng and his entourage will leave for Ho Chi Minh City tomorrow.

"During the visit, we have had the opportunity to meet and talk with Vietnamese farmers and workers," he said. "We feel deeply that the policy of the Seventh National Congress of the Vietnamese Communist Party is being implemented and much achievements have been made."

"We feel happy about this," he added. "We are deeply impressed by the economic development of Vietnam and the improvement of the people's living standard," Li said.

The Chinese premier arrived here on Monday at the invitation of Prime Minister Vo Van Kiet for an official goodwill visit.

Thai Minister: PRC Offers Petrochemical Aid

*OW0212051992 Beijing XINHUA in English 0352
GMT 2 Dec 92*

[Text] Bangkok, December 2 (XINHUA)—China is interested in selling know-how to Thailand's petrochemicals industry, according to Permanent Secretary for Thai Industry Siwawong Changsiri today.

This was disclosed by visiting Chinese Vice-Minister of Petrochemicals Tan Zhushou who called on Thai Industry Minister Sanan Khachonprasat on Monday [30 November], he said.

China would like to explore which techniques can be adjusted for use in Thailand's petrochemicals industry and to offer services on downstream industries in Thailand, he added.

China has more than 6,000 investors in petrochemicals with 4.5 million employees.

Qian Qichen Meets Australian Trade Official

*OW0212111992 Beijing XINHUA in English 1046
GMT 2 Dec 92*

[Text] Beijing, December 2 (XINHUA)—State Councillor and Foreign Minister Qian Qichen today praised the Australian Government for putting forward a "face Asia" policy and predicted a bright future for Sino-Australian ties in various fields.

Qian made the comment in a 40-minutes meeting with Richard Smith, deputy secretary of the Australian Department of Foreign Affairs and Trade, here this afternoon.

Smith said that Australian Government attaches importance to its relations with China and wants to have more exchanges and cooperation with it.

In the past two days, Smith has held talks with Chinese Vice-Foreign Minister Liu Huaqiu on bilateral relations and international issues.

Smith is in Beijing for the sixth round of consultations on arms control and disarmament and for the seventh round of political consultations between officials of the two foreign ministries.

Near East & South Asia

Han Xu Notes Hopes for Arab-Israeli Flexibility

*OW3011132592 Beijing XINHUA in English 1222
GMT 30 Nov 92*

[Text] Beijing, November 30 (XINHUA)—China hopes that the Arab-Israeli talks, which have just concluded their seventh round, will adopt a flexible and practical approach so as to make progress, a leading Chinese diplomat said here today.

Han Xu, president of the Chinese People's Association for Friendship With Foreign Countries, made the remarks in addressing a reception commemorating the International Day of Solidarity with the Palestinian people.

Han said that China, together with the international community, is willing to make contributions to a comprehensive, just and equitable settlement of the Middle-East issue and the realization of a lasting peace in the area.

Palestinian Ambassador to China, Moustapha Saphariny [name as received], also addressing the gathering, said "The Middle-East issue will not possibly be solved in a just and equitable manner without the participation of the Palestine Liberation Organization."

Palestinian people have "the right to building an independent country of their own in accordance with U.N. resolutions and international charters," he said. "In the Middle-East peace process, the political and national rights of the Palestinian people should be guaranteed according to international laws."

Also, Moustapha expressed thanks to the support from the world's forces of freedom and justice, especially the friendly Chinese people.

Among the 100 Chinese and Palestinian personalities attending the reception was Seypidin Aze, vice-chairman of the Standing Committee of China's National People's Congress.

November 29 is designated by the United Nations as the International Day of Solidarity with the Palestine people. Since 1979, the Chinese People's Association for Friendship With Foreign Countries has held 13 such commemorative events.

Li Peng Greet Palestinian Solidarity Day

*OW0112052992 Beijing XINHUA in English 1607
GMT 30 Nov 92*

[Text] Beijing, November 29 (XINHUA)—Chinese Premier Li Peng today reiterated China's support to the Palestinian People's struggle for regaining their legitimate national rights.

In a message to the meeting commemorating the International Day of Solidarity With the Palestinian People

(IDSPP) to be held on Monday, Li also hoped the meeting would contribute to the promotion of a just and reasonable settlement of the Middle East question at an early date.

"The Chinese Government and people have always supported the Palestinian people's just struggles for regaining their legitimate national rights, and appreciated the positive efforts made by the Palestine Liberation Organization in promoting a political settlement of the Middle East question," the message said.

"Thanks to the joint efforts made by the parties concerned and the international community, the Middle East peace talks are gradually gaining in depth, thereby opening up new prospects for finding a political solution to the Middle East question with the question of Palestine at its heart," it added.

The IDSPP, which falls on November 29, has been marked annually since 1978 and this year's commemorating meeting will be held in several places including New York and Geneva.

Cultural Cooperation Pact Signed With Jordan

OW2611190292 Beijing XINHUA in English 1757
GMT 26 Nov 92

[Text] Amman, November 26 (XINHUA)—China and Jordan signed a 1993-95 executive program of cultural cooperation here today.

Under the program, the two countries will exchange personnel and expertise in the fields of art, education, journalism, sports, social work, medical science and preservation of historical relics.

Safwan Touqan, [name as received] general secretary of the Jordanian Ministry of Planning, said at the signing ceremony that Jordan attaches great importance to cultural cooperation with China and hoped such cooperation would expand in the future.

Gao Yunjia, assistant minister of culture and head of the Chinese Government delegation, expressed the belief that the program will bring cultural cooperation between the two countries into a new phase.

During its stay in Jordan, the delegation met with Jordanian officials and discussed projects of cultural cooperation, including the construction of a library in Jordan with Chinese loans.

Nepal's Prime Minister Meets Press Delegation

OW0112113392 Beijing XINHUA in English 0811
GMT 1 Dec 92

[Text] Kathmandu, December 1 (XINHUA)—Nepalese Prime Minister Girija Prasad Koirala said here today that "we will not allow our land to be used against China."

He made the statement in a meeting with a visiting Chinese press and publication delegation headed by Zhu Yizeng, department director of the Chinese Press and Publication Administration.

"I give reassurance that Nepal will not allow any kind of activities against our neighbor China," the prime minister stated.

He expressed the hope that the Chinese delegation will carry back the good impression of Nepal to China and try its best to improve and strengthen the relations between the two countries.

He called on the media, including newspapers of the two countries, to exchange experience in management and development.

The nine-member Chinese delegation arrived in Nepal on November 28 at the invitation of the Nepal Journalist Association.

Congress Delegation Leaves Nepal for India

OW3011191692 Beijing XINHUA in English 1456
GMT 30 Nov 92

[Text] Kathmandu, November 30 (XINHUA)—A four-member delegation of the Chinese National People's Congress (NPC) led by Liao Hansheng, vice-chairman of the NPC Standing Committee, left here today for India after concluding four-day visit to Nepal.

Prior to departure, Liao told the press that the visit has enhanced friendship and they have met old friends and made many new friends.

"We have brought the friendship of the Chinese people to Nepal and carried back the friendship of the Nepalese people to China," he said.

The vice-chairman expressed his thanks to the Nepalese parliament speaker, the chairman of the National Council, the king and the prime minister for their warm hospitality.

Arrives in New Delhi

OW0112044692 Beijing XINHUA in English 1648
GMT 30 Nov 92

[Text] New Delhi, November 30 (XINHUA)—A high-level 14-member Chinese National People's Congress (NPC) delegation arrived here tonight on an eight-day official visit to India.

The delegation, on the last leg of its visit to three South Asian countries including Bangladesh and Nepal, is led by Liao Hansheng, vice chairman of the Standing Committee of the NPC.

In a written statement upon his arrival at the airport, Liao said China is ready to step up exchanges with the Indian people so as to make "our due contributions to

our respective nation building and to peace and stability in the region and the world at large."

He also recalled the time-honored friendship between the two countries dated back to two thousand years ago.

The delegation is scheduled to meet the Indian president, the vice president, the prime minister and the speaker of Indian parliament.

Liao will attend the inauguration ceremony of Festival of China here on December 2 and the opening of Chinese consulate general in Bombay on December 7.

Besides Delhi and Bombay, the delegation will also visit Agra and Madras, capital of India's Tamil Nadu state.

Sub-Saharan Africa

Sports Minister Visits Mauritius 27-29 Nov

OW0212103692 Beijing XINHUA Domestic Service in Chinese 0138 GMT 30 Nov 92

[Text] Port Louis, Mauritius, 30 Nov (XINHUA)—At the invitation of the Mauritian Foreign Affairs and Youth and Sports Ministries, Wu Shaozu, minister of the State Physical Culture and Sports Commission, led a Chinese sports delegation to visit this island-state in the West Indian Ocean for three days from 27 to 29 November.

During his visit to Mauritius, Wu Shaozu paid an official call to Mauritian Prime Minister Jugnauth, and briefed him on China's reform and opening up, and on the situation regarding Beijing's bid to host the 2000 Olympic Games. Prime Minister Jugnauth highly commended China's reform and opening up and expressed his gratitude to Wu Shaozu for the latter's work as an accompanying group leader when Jugnauth was visiting China. He said: There has been traditional friendship between Mauritius and China. The Mauritian Government supports Beijing's bid to host the 2000 Olympic Games. He requested that Wu Shaozu convey his regards to Premier Li Peng.

In Port Louis city, Wu Shaozu also held warm and friendly talks with Luxi [4151 6007 name as received], an old friend of the Chinese athletic circles, secretary general of the Mauritian State Olympic Committee, and member of the International Olympic Committee. Having visited China three times, Luxi has deep feelings for China.

Wu Shaozu also held separate talks with Mauritian Foreign Affairs Minister Berenger and Mauritian Youth and Sports Minister Glover on developing bilateral athletic and friendly relations.

During its visit in Mauritius, the Chinese sports delegation visited some Mauritian sports facilities.

Government Delegation Arrives in Zambia

OW0212043592 Beijing XINHUA in English 1941 GMT 1 Dec 92

[Text] Lusaka, December 1 (XINHUA)—A Chinese Government delegation led by Deputy Minister of Railways Sun Yongfu arrived here today for a fortnight visit to Zambia.

During the visit, the Chinese deputy minister will attend a tripartite ministerial meeting on cooperation of Tanzania-Zambia railway (Tazara).

A new protocol on the eighth term of tripartite technical cooperation of Tazara is expected to be signed at the end of the meeting.

The 1,860-kilometer Tazara, constructed in the early 1970s with Chinese assistance, has provided a new outlet to the sea for land-locked Zambia.

Ethiopian Foreign Minister To Visit Beijing

OW0112113592 Beijing XINHUA in English 0847 GMT 1 Dec 92

[Text] Beijing, December 1 (XINHUA)—Foreign Minister Seyoum Mesfin of the transitional Government of Ethiopia will pay an official visit to China from December 4 to 8, at the invitation of Chinese State Councillor and Foreign Minister Qian Qichen, a Chinese Foreign Ministry spokesman announced here today.

West Europe

French Mirage Sale 'Violating International Law'

HK0212094892 Hong Kong AFP in English 0846 GMT 2 Dec 92

[Excerpt] Beijing, Dec 2 (AFP)—China accused France on Wednesday of violating international law by selling 60 Mirage 2000-5 jet fighters to rival Taiwan, and threatened serious legal consequences if the deal was not cancelled.

Two weeks after the announcement of the sale of the jets to the Taiwan air force by the French firm Dassault, the Legal Daily [FAZHI RIBAO] invoked international law to claim that France had betrayed the principles upon which relations between Paris and Beijing were established in 1964.

The French government has not yet officially confirmed the 3.8 billion dollar deal, which also involves the sale of 1,500 French-made air-to-air short- and medium-range missiles.

Under the headline "the betrayal of principles is unacceptable," the article by lawyer Liu Weizong accused France of arrogance "in violating Chinese sovereignty, interfering with her internal affairs, and jeopardising her security."

Liu, a professor at a research institute on international law in Beijing, said France was one of the first nations to recognise the People's Republic of China, founded in 1949, and accused Paris of having "gone back on its word."

The present French government had "violated the principles upon which relations were established between the two countries, principles highly respected by all French governments" since that of Charles de Gaulle in 1969, Liu said.

He invoked the United Nations Charter and numerous international treaties to back up his argument, and warned that France's action, which had stirred "strong anger among the Chinese people," would have "serious legal consequences." [passage omitted]

Daily: France To 'Pay Dearly'

HK0112123492 Hong Kong AFP in English 1149 GMT 1 Dec 92

[Text] Beijing, Dec 1 (AFP)—France will pay dearly for selling 60 Mirage 2000-5 jet fighters to Taiwan, the China Youth Daily said Tuesday, describing the deal as an insult to China.

The signed article, under the headline "Forgetting principles for the sake of interests," is the first in China's official press to launch a virulent attack on the sale of the jets by French firm Dassault to Taiwan.

Previous articles had simply repeated Beijing's warning that it would react strongly if Paris refused to call off the deal.

The 3.8 billion dollar deal for the delivery in 1995 of 60 jets and 1,500 French-made air-to-air short- and medium- range missiles was reportedly signed in October in Taipei.

The French Government has not yet officially confirmed the sale.

The deal had deeply wounded China and the wound would take a long time to heal, the newspaper said, accusing the French Government of reneging on the policies of former president Charles de Gaulle who "opened the door to China" by officially recognising it in 1964.

"Will this door be closed again by (President) Mitterrand?" the daily asked, warning France would pay a heavy price politically and economically in lost opportunities in China's burgeoning market.

The newspaper described the deal as an "insult" and "a historic error," alleging it was worse than the U.S. sale of F-16 jets to Taiwan because the technology of the Mirage jets and their missiles were "the world's most advanced."

The article laid the blame for this "short-sighted" policy on the French Socialist Party. The party is responsible

for France's three million unemployed, the paper said, denouncing its dollar diplomacy and predicting its defeat in the next elections.

The PEOPLE'S DAILY [RENMIN RIBAO], the Chinese Communist Party's official mouthpiece, said Tuesday that Taipei, by buying the U.S. and French aircraft, had jeopardised the process of reunification with mainland China.

Official Said To Refuse Meeting With UK Envoy

HK0112061192 Hong Kong RTHK Radio in English 0500 GMT 1 Dec 92

[From the "News at One" program]

[Text] In an attempt to defuse the tension between Hong Kong and China, the British ambassador to Beijing, Sir Robin McLaren, has had a meeting with the head of China's Hong Kong and Macao Affairs Office, Mr. Lu Ping. Terry Neilon reports:

[Begin recording] Today's meeting was arranged at Sir Robin's request. It is understood that the talks were scheduled before China's warning that all agreements signed or ratified by the Hong Kong Government will be canceled after 1997 unless they have the prior approval of Beijing. However, it is believed that Sir Robin did raise this issue along with a whole range of other problems which have arisen between the two sides since the governor, Chris Patten, unveiled his proposal for political reform.

The meeting between Sir Robin and Mr. Lu took place only a day after China's ambassador to London, Ma Yuzhen, was summoned to the Foreign Office to be told of Britain's concern about the protest from Peking over the grant of operating rights for Container Terminal No. 9. [end recording]

[Hong Kong WEN WEI PO in Chinese on 2 December carries the following report on page 2:

["British Ambassador Robin McLaren should have met with Lu Ping, China's Hong Kong and Macao Affairs Office director, yesterday morning according to an appointment he had made with the latter the day before yesterday. However, the British side failed to observe diplomatic practice in deliberately disclosing the appointment. As a result, a report on the appointment was released by a Hong Kong newspaper yesterday. In view of the British side's violation of diplomatic practice, Director Lu Ping decided to cancel his yesterday morning appointment with McLaren."]

UK's Howe Stresses Human Rights on PRC Visit

HK0212071792 Hong Kong SOUTH CHINA MORNING POST in English 2 Dec 92 p 11

[Report by John Kohut in Beijing and David Wallen in London]

[Text] Sir Geoffrey Howe arrived in Beijing yesterday at the start of a seven-day human rights mission which will bring him and his delegation into contact with senior Chinese officials but not political prisoners or other dissidents.

The mission is a result of talks between British Prime Minister Mr John Major and Chinese Prime Minister Mr Li Peng in New York in January this year.

The British delegation will submit two lists of Chinese political prisoners to the authorities. The first will be a revised version of a list earlier handed to the Chinese by Mr Major.

Revisions have been made to account for releases of prisoners and new detentions, resulting in an updated list with under 40 names.

The second list is longer and includes names compiled by nongovernment organisations.

A source close to the delegation said the purpose of submitting the lists was to shed more light on what had happened to political prisoners.

The British delegation hoped to make an impact by "broadening and extending the dialogue" on human rights, as part of a "sustained pattern" of international pressure for human rights reforms in China, the source said.

The source noted that as a result of previous efforts to press China for human rights reforms, "more information has become available and some releases have followed."

However, the source said the human rights issue was "not something that lends itself to solution as a result of one visit."

While in Beijing, the delegation is expected to meet senior officials of the Supreme People's Court, the Procuratorate, the Public Security Ministry, the United Front Department, the Justice Ministry and the Religious Affairs Bureau.

A meeting with the party chief Mr Jiang Zemin is also scheduled. The delegation will travel to Shanghai tomorrow.

The group has not asked to see political prisoners. Previous requests for such access have been rejected.

The delegation's findings will be sent to Mr Major, and a report will eventually be made public.

Sir Geoffrey is not expected to act as an intermediary or negotiator on Hong Kong affairs during this visit, the source said. He might, however, present his understanding of Hong Kong issues.

The party also includes Lord Holme, two university professors, two members of parliament and the Bishop of Tonbridge.

A Foreign Office spokesman in London said: "They will be talking to as many people as they possibly can and they want to pursue the whole question of human rights in China."

"They will be meeting a large number of government officials and others involved in all those aspects, raising the issues which are of most concern to us."

Li Tieying-Led Group Returns From West Europe

*OW0112093592 Beijing XINHUA in English 0629
GMT 1 Dec 92*

[Text] Beijing, December 1 (XINHUA)—The Chinese education delegation led by Li Tieying, state councillor and minister in charge of the State Education Commission, returned here today after visiting Austria, the Netherlands and Portugal.

PLA Staff Official Meets Turkish Counterpart

*OW0112122392 Beijing XINHUA in English 1147
GMT 1 Dec 92*

[Text] Beijing, December 1 (XINHUA)—Lieutenant General Li Jing, deputy chief of general staff of the Chinese People's Liberation Army (PLA), met with and hosted a dinner for general Fikret Kupeli, second chief of general staff of the Turkish Armed Forces, and his party here today.

The Turkish visitors arrived here yesterday at the invitation of the headquarters of the PLA general staff.

Kupeli, who is visiting China for the first time, and his party are also scheduled to visit Shanghai, Guangzhou, and some other cities.

Political & Social

New Standing Committee Members' Work Divided

HK0212092592 Hong Kong CHENG MING in Chinese No 182, 1 Dec 92 p 29

["Reference News" column article by Wei Sen (7279 2773): "Division of Work Among New Political Bureau Standing Committee Members"]

[Text] The new CPC Central Committee Political Bureau met in full session on 20 and 21 October. It was announced at the meeting:

The day-to-day work of the Central Military Commission is presided over by Comrade Liu Huaqing as of today;

The organization work of the CPC Central Committee is presided over by Comrade Hu Jintao as of today; and

Comrade Zhu Rongji assists Comrade Li Peng in presiding over the day-to-day work of the State Council as of today.

According to a high-level source, appointments of the CPC Central Committee Political Bureau, the State Council, and the Central Military Commission will be announced before or after the Eighth National People's Congress next year.

Yuan Mu Resigns as State Council Spokesman

HK0212092892 Hong Kong CHENG MING in Chinese No 182, 1 Dec 92 p 29

["Reference News" column article by Chih Ping (1807 1627): "Yuan Mu Resigns After Failing To Be Elected"]

[Text] Having failed to be elected at the 14th party congress, Yuan Mu, spokesman for the State Council and director of the State Council Policy Research Department, who was called a resourceful person by the CPC "leftist" princes, tendered his resignation to the State Council in early November, holding that he was more suitable for the work of investigation and study of economic theories and policies.

It is learned that the State Council has accepted Yuan's resignation as spokesman for the State Council.

XINHUA on New RENMIN RIBAO Director

OW0212101992 Beijing XINHUA in English 0856 GMT 2 Dec 92

[Text] Beijing, December 2 (XINHUA)—The Central Committee of the Communist Party (CPC) of China has appointed Shao Huaze new director of "PEOPLE'S DAILY" [RENMIN RIBAO], a leading official newspaper of the CPC, to take the place of Gao Di.

59-year-old Shao has been the editor-in-chief of the newspaper from 1989. He once served as the director of the propaganda department of the General Political Department of the Chinese People's Liberation Army and deputy director of the Liberation Army's Daily [JIEFANGJUN BAO]. He is now a member of the 14th CPC Central Committee.

WEN HUI BAO Lauds Deng Xiaoping's Theory

OW3011035792 Shanghai WEN HUI BAO in Chinese 21 Nov 92 pp 1, 6

[Article by Wen Qi (5113 7322): "On Deng Xiaoping's Theory's Affinity to People"; first four paragraphs are WEN HUI BAO introduction]

[Text] For the Communist Party of China, a party which was founded for the people and whose highest purpose is to serve the people wholeheartedly, affinity for the people and party spirit mean the same thing. Millions upon millions of people are resolutely following the leadership of the CPC and are unswervingly taking the road of building socialism with Chinese characteristics. This shows that affinity for the people and party spirit are inherently the same and highly identical.

"Everything for the people" and "everything we do is for the interests of the people"—this is the concentrated embodiment of the popular nature of Deng Xiaoping's policy decisions. Comrade Deng Xiaoping has invariably stressed the necessity of ensuring that party policy decisions and their implementation conform to the people's interests.

Deng Xiaoping's thinking and theories have won the support of millions upon millions of people because he shows deep concern for the people's interests and because he regards the following as the starting point of work—"Will the people give their support?" "Will the people agree?" "Will the people be happy?" and "Will the people say 'yes'?"

Deng Xiaoping has enlightened us with his theories and practices: The cause led by our party is the cause of the people. At all times, party members constitute only a minority among the people; therefore, in everything we do, we must rely on and trust the people, be good at drawing wisdom from the people, and highly respect the creativeness of the people.

Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is something new in our era in that "it is the product of the integration of the basic tenets of Marxism-Leninism with the reality of contemporary China and the special features of our times." This has been widely recognized and discussed; however, this theory also has an extensive and profound popular nature, which has not yet attracted sufficient attention and systematic discussion. In his report to the 14th CPC National Congress, Comrade Jiang Zemin pointed out emphatically: Comrade Deng Xiaoping's theory of

building socialism with Chinese characteristics "conforms to the interests and needs of the overwhelming majority of the people." He also said that Comrade Deng Xiaoping "respects practice, respects the masses, always pays attention to the interest and aspirations of the overwhelming majority of the people, and is adapt at generalizing from their experiences and innovations." These statements have substantially dealt with the problem of the popularity of Deng Xiaoping's theory. As a matter of fact, the popularity of Deng Xiaoping's theory is not hard to comprehend at all; millions upon millions of the masses in our country have already recognized and identified themselves with Deng Xiaoping's theory in the course of building socialism with Chinese characteristics. Just use a little imagination, and consider why Comrade Deng Xiaoping's theory and line have won the heartfelt support of millions upon millions of Chinese people at a time when the international communist movement suffered a serious setback and at a time when some people are beginning to doubt the efficacy of Marxism. In the past, people used to worry about a possible change of policy. Why were the masses generally elated and greatly encouraged after they learned of the remarks about adhering to the party's basic line for 100 years made by Comrade Deng Xiaoping during his south China tour? Why are the masses generally satisfied with the good life brought about by the policy of reform and opening to the outside world? Why do they croon the song "It is Mao Zedong Who Got Us To Stand on Our Own Feet and It is Deng Xiaoping Who Made Us Rich" from the bottom of their hearts? Why do people from all walks of life give high credit to and unanimously support the incorporation of Deng Xiaoping's theory and line into the party constitution and the specific stipulations of Deng Xiaoping's theory and line as the guiding thought of our party at the 14th CPC National Congress? The basic reason lies with the inherent great popularity of Comrade Deng Xiaoping's theory and line.

For quite a while, some individuals tended to make a distinction between popularity and the party spirit or to erect a divide between them. As a matter of fact, to the Chinese Communists who founded the party, the ultimate goal of serving whole-heartedly the interests of the people for the sake of the public good and for themselves, popularity and the party spirit are two sides of the same coin. Marx and Engels pointed out in the "Communist Manifesto": "The communists strive after the immediate goals and benefits of the working class, but they also stand for future movement through the present movement." Naturally, Chinese Communists are the same. Except for the people's benefits, they do not seek their own special benefits; what is good for the interests of the people will also be good for the party; people's interests are also the party's interests; for communists, the highest standard of action is to seek the greatest benefits for the greatest section of the people. It is exactly on that sense that Comrade Mao Zedong pointed out: "Communists must strive after the greatest benefits for the greatest section of the people; for communists, the

highest standard for them is to win support from the greatest section of the people." Despite a rapidly changing and tough international situation in recent years, millions upon millions of Chinese people still steadfastly follow the Chinese Communist Party and unswervingly take the road of building socialism with Chinese characteristics. This fully shows the inherent unity and high consistency of the communists' popularity and party spirit.

What, then, are the main manifestations of the profound and extensive popularity of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics? In this writer's opinion, they are manifested in the following three aspects:

1. The popularity of the ideology on policy decisions: Comrade Deng Xiaoping has invariably stressed the necessity of ensuring that party policy decisions and their implementation conform to the interests of the people.

Comrade Deng Xiaoping is a statesman who always bears in mind the interests and hardships of the people. He is deeply aware of the fact that the CPC is the vanguard of the working class, that it is armed with Marxism-Leninism-Mao Zedong Thought, and that it serves the people whole-heartedly. The nature, objective, and guiding ideology of our party determines that the party must regard seeking the people's interests as the starting point and goal for all its activities. As early as during the era of revolutionary bases, he stressed time and again that the party's "primary task in waging guerrilla war in the enemy-occupied district is to protect the people's interests"; and that "we should try hard to do whatever we can to protect the people's interests and should proceed with caution in doing whatever may lead the enemy to hurt the people." (*Selected Works of Deng Xiaoping* (1938-1965), page 55) After entering the era of socialist revolution and construction, he remarked significantly: "We should ponder the question: What have we really done for the people? We must make use of the favorable conditions we now enjoy to accelerate the growth of our productive forces, improve the people's material and cultural life, and broaden their mental outlook." (*Selected Works of Deng Xiaoping* (1975-82), page 123)

After becoming the ruling party, whether the CPC can serve the people whole-heartedly and effectively seek the people's interests depend, to a large extent, on whether party policy decisions and their implementation conform to people's interests. Comrade Deng Xiaoping, while explaining the reason why we should choose the socialist, not the capitalist, road, stated explicitly: "China is a backward country with 1 billion people. Should we take the capitalist road, it may lead to the rise of a new bourgeoisie in certain localities where a handful of people would become prosperous faster than others; there may be a few millionaires, but their total number would not exceed 1 percent of the population, while the majority of the people still cannot cast off poverty or find enough to eat and wear." (*Important Talks of Comrade*

Deng Xiaoping (February-July 1987), page 5) In this way, Comrade Deng Xiaoping has integrated the essence of the important policy decision on the party leading the people on the socialist road with that of the implementation of that policy decision serving the interests of the overwhelming majority of the people; however, the socialist revolution took place in China—an economically and culturally backward country with underdeveloped large-scale socialized production and commodity economy. Therefore, after victory in the revolution, the Chinese Communists were confronted with three constantly progressive problems: First, to ensure a continual improvement of people's livelihoods, giving them the hope to become well off at an early date; second, to achieve a faster pace than capitalism in social and economic development and in improving people's livelihoods, enabling socialism to "win the relative superiority over capitalism"; and third, to take over capitalist countries in all fields—that is, "to catch up with the developed capitalist countries economically and create a higher level of democracy with more substance than that of capitalist countries politically, as well as to produce more and better-trained professionals than they do." (*Selected Works of Deng Xiaoping* (1975-82), page 282) Only by doing these things can we ensure the eternity of our communist state in a true sense.

Comrade Deng Xiaoping worked hard day and night, exerting himself to find the solution to these three constantly progressive and pressing problems. He repeatedly emphasized: "In socialist countries, after a genuine Marxist party becomes the ruling party, it must dedicate itself to developing productive forces and gradually raising the people's standard of living on the basis of the development of productive forces." (Revised and Enlarged Edition of *Build Socialism With Chinese Characteristics* by Deng Xiaoping, rendered as *Revised and Enlarged Edition* hereafter, page 15) "The basic expression of the superiority of our socialist system is that it allows the productive forces of our society to grow at a rapid rate which was unknown in old China, and it permits us to gradually satisfy our people's constantly growing material and cultural needs." (*Selected Works of Deng Xiaoping* (1975-82), page 123) "Poverty has no place in socialism, which is aimed at eradicating poverty. Without developing productive forces and improving the people's livelihood, we cannot meet the requirements of socialism." (*Revised and Enlarged Edition*, page 104) "Today the economies of some peripheral countries and regions are developing faster than ours. Should we either fail to develop our economy or develop it slowly, problems will arise when the people draw comparisons." (quoted from Comrade Deng Xiaoping's important talks during his tour to the south) This is why—after the socialist transformation of ownership of the means of production was completed in China, after "the contradiction between the people's growing material and cultural needs and backward social production" became the major contradiction in Chinese society, and after a series of drastic changes took place at home and abroad—Comrade Deng Xiaoping invariably stressed time and

again the necessity to persevere in economic construction as the central task and demanded "relentless efforts and a little 'stubbornness'" to ensure that "all other tasks revolve around this task and to allow no interference with it." (*Selected Works of Deng Xiaoping* (1975-82), page 214) Expressing his bitter hatred toward extreme "leftist" ideological trends which only paid lip service but did not attach importance to improving the people's livelihood, he incisively pointed out: "As far as the relatively small number of advanced people are concerned, it won't matter too much if we fail to stress material benefits. But when it comes to the masses, that approach can only be used for a short time—it won't work in the long run. Revolutionary spirit is a treasure beyond price. Without it there would be no revolutionary action. But revolution takes place on the basis of the need for material benefits. It would be idealism to emphasize the spirit of revolution to the neglect of material benefits." (*Selected Works of Deng Xiaoping* (1975-82), page 136)

Comrade Deng Xiaoping has always exerted his utmost to ensure that party policy decisions and their implementation are focused on economic construction as the central task, thus conducting painstaking publicity, explanation, organization, and coordination. Whenever a party policy decision deviated from the central task of economic construction, he always took the stand of the party and the people and gave no thought to his personal safety, making vigorous efforts to turn the tide. Some commentators pointed out: At crucial moments in the history of the Republic, as well as during "anti-leftist" struggles, Comrade Deng Xiaoping made important speeches on four occasions, all of which firmly dealt with developing production forces as the central task and exerted a far-reaching influence on party policy decisions and their implementation. In the early 1960's, when the national economy experienced serious difficulties, Comrade Deng Xiaoping, in order to save the masses from the abyss, put forward a famous thesis: "A cat, regardless of whether it is white or black, is a good cat as long as it catches rats." This pioneered the criterion of productive forces. In the mid-1970s, during the heyday of "taking class struggle as the key link," he countered it with the renowned "taking the three directives as the key link" in an effort to put economic development on the party agenda and state guidelines. In the struggle against the "two whatevers," he advocated the principle of seeking truth from facts and emancipating the mind in order to build China into a modern socialist power. After 10 years of reform and opening up, and another three years of economic retrenchment, Comrade Deng Xiaoping spoke out again at a crucial time when some advocated a return to the beaten path because of both an emerging new global structure in the wake of turbulent international situations and difficulties in the domestic reform. This time he stressed: "The key to persisting in the line, principles, and policies adopted by the party since the Third Plenary Session of its 11th Central Committee lies in adhering to 'one center and two basic points.' There is no way out unless we uphold socialism, implement

reform and opening up, develop the economy, and improve the people's livelihood. We must unswervingly adhere to the basic line for 100 years." "The people will make the judgment based on practice. If they judge that socialism is good, and reform and openness is good, our cause will shine forever!"

When we examine the history of the tortuous struggles launched by the nation between people who focused on economic construction and people who upset, swayed, and buffeted the endeavor, we clearly see that when Comrade Deng Xiaoping repeatedly emphasized the necessity of firmly focusing attention on economic construction, he was in essence emphasizing the necessity to focus attention on the people's interests; when he was against attempts to upset and buffet economic construction, he was in essence against attempts to follow the beaten path of ignoring the development of productive forces in society as well as the improvement of people's livelihood. Agonized by the fact that "during the 20-year period between 1958 and 1978, Chinese society was in fact bogged down in a long period of stagnation and little development and improvement was achieved in the national economy and the people's livelihood," he, in the way of enlightening the benighted, warned the entire party: "Can we afford not to reform this situation?" (*Important Talks by Comrade Deng Xiaoping*, page 32) During the course of reform and opening up, Comrade Deng Xiaoping closely linked reform with development. The objective which he strived to attain was one of enabling the 1.1 billion Chinese people to gradually shake off poverty and backwardness, resolve their basic food and clothing problems, lead a comparatively comfortable life, and then become people of an intermediately prosperous nation through working hard for 100 years during the initial stage of socialism. He stated on many occasions that "the minimum objective of our four modernizations is to achieve a comparatively comfortable life by the end of this century." He added: "Average per capita GNP in 1979 was approximately \$250. This should be quadrupled to \$1,000 by the end of this century. Later, I thought the population would exceed one billion, but be kept to about 1.2 billion by that time. So if our GNP quadruples and the population reaches 1.2 billion, the per capita GNP would be a little bit more than \$800. That means the Chinese people will be able to lead a comparatively comfortable life." "We should strive to achieve further growth on this basis for another 30 to 50 years in order to catch up with developed countries." (*Revised and Enlarged Edition*, page 66) Comrade Deng Xiaoping also constantly hoped: "If our per capita GNP can reach \$4,000 and co-prosperity be achieved by that time, then we have demonstrated the socialist system is superior to the capitalist system, have charted the course for three-fourths of the population of mankind, and have proved even more effectively the correctness of Marxism." (*Revised and Enlarged Edition*, page 151) In a word, a prosperous country, a strong nation, and an affluent Chinese people is the objective which Comrade Deng Xiaoping has endeavored to achieve through reform and development.

To achieve this objective, at the Third Plenary Session of the 11th CPC Central Committee he put forth his well-known proposal: "Let some people become well-off first." He proposed: "If the standard of living of some people is raised first, this will inevitably be an impressive example to their 'neighbors'; people in other regions and units will then want to learn from them. This will help the entire national economy surge forward like a wave and will help the people of all nationalities become prosperous in a comparatively short period." (*Selected Works of Deng Xiaoping* (1975-1982), page 142) To this end, he warmly supported the development of independent and private businesses and supported the gradual expansion of openness from areas along the coast and rivers to inland areas and areas bordering other countries. After these policies were successfully carried out, he did not support the idea of sharing people's profits, such as profits made by a trader of melon seeds in Anhui who "made a profit of one million yuan," nor did he support the idea of requisitioning the wealth created by coastal areas having opened up to the outside world. During his southern China tour last spring, he pointed out: "We should not weaken the vitality of developed areas, nor should we encourage people to eat from the 'big rice pot.'" Nevertheless, achieving common prosperity in China is the ultimate objective which Comrade Deng Xiaoping has strived to achieve. He pointed out: "The essence of socialism is to liberate and develop productive forces, wipe out exploitation, eliminate polarization, and finally achieve common prosperity." "When a comparatively comfortable life has been achieved in this century," "developed areas should continue to develop, and then they should energetically support undeveloped areas through such means as turning in more profit taxes and transferring their technology. Most of the undeveloped areas have rich resources, and thus their potential for development is enormous. In short, nationally speaking, we can gradually and successfully resolve the difference between the affluent coastal areas and the poor inland areas." (from the important talks Comrade Deng Xiaoping made during his southern China tour last spring) When we read these observations, can we not strongly feel the affinity of Deng Xiaoping's theories and lines to the people? "Everything is for the people" and "doing everything with the interests of the people in mind" are the epitome of the affinity of Deng Xiaoping's decisions and thinking to the people. Yu Zuomin, secretary of the Tianjin Daquizhuang Agriculture-Industry-Commerce Company party committee, put it well: Chairman Mao led the poor to defeat the rich through launching the first revolution; now Deng Xiaoping is leading the poor to become affluent through launching the second revolution—reform and opening up. This is the most vivid and the simplest summation of the affinity of Deng Xiaoping's theory to the people.

2. The affinity of the criterion of judgment to the people: Comrade Deng Xiaoping has invariably held that the fundamental criterion for judging the success and failure of a reform and opening up policy as well as for judging the

need for change is whether it conforms with the people's interest and whether it has the people's support.

The extensive and profound affinity of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics to the people is manifested in both policy ideology and in the criterion for judging the success and failure of policy decisions. As a matter of fact, the two comprehensively reflect the motives and results of the action taken by the ruling CPC to serve the people and their interests. Comrade Deng Xiaoping has pointed out: "After all, from the historical materialist point of view, correct political leadership should result in the growth of the productive forces and the improvement of the material and cultural life of the people." (*Selected Works of Deng Xiaoping* (1975-1982), page 123) Therefore, precisely as was pointed out by Comrade Mao Zedong in his "On Coalition Government"—that "in the final analysis, the impact, good or bad, great or small, of the policy and practice of any Chinese political party upon the people depends on whether and how much it helps to develop their productive forces, and on whether it fetters or liberates these forces"—Comrade Deng Xiaoping has also invariably used conduciveness to the growth of the productive forces and to the people's prosperity and well-being as the fundamental criterion for judging all our work.

People have noticed that of the many important statements on the criterion of judgment made by Comrade Deng Xiaoping since the beginning of reform and opening up, three statements stand out. The first statement was made in 1979 when he pointed out: "The basic standard for judging all our work is whether it helps or hinders our effort to modernize." (*Selected Works of Deng Xiaoping* (1975-1982), page 181) The second was made in 1983 when he stressed: "The criterion for judging the correctness of all our work is whether it is conducive to building socialism with Chinese characteristics, to the country's prosperity, and to the people's well-being." (*Revised and Enlarged Edition*, page 12) The third was made in 1992 in the important talks made during his inspection tour of southern China, where Comrade Deng Xiaoping stressed: "The principal criterion should be whether it helps develop the productive forces of our socialist society, increases our socialist country's overall strength, and raises the people's living standards." Based on this, the report to the 13th national party congress specifically points out: "Whether or not there is a beneficial effect on the development of productive forces should be our starting point in considering all problems and the fundamental criterion for testing all work." This is the productive forces criterion people have often talked about.

Comrade Deng Xiaoping himself has persistently used this very criterion to "test all work," particularly to "judge the gains and losses or success and failure of all reforms." In the tortuous historical process of reform and opening up over the last 14 years, whenever censures and criticism of reform and opening up appeared, Comrade Deng Xiaoping has always used this criterion to

convince those who had doubts about the correctness of the reform and opening up policies. For example, Comrade Deng Xiaoping spoke more often about this question in 1983 and 1984. In those two years he pointed out on numerous occasions: "When we say the present policies are effective, we mean the country has become prosperous and the people's life has truly improved. This is the most important thing." (*Revised and Enlarged Edition*, page 71) In addition, citing the outstanding results of rural reform as an example, he pointed out: "It now seems the numerous new rural policies are indeed successful, and their results are quick and outstanding. In the past the countryside had serious problems. Now it is safe to say the overwhelming majority of people have enough to eat and better clothes to wear, and their dwellings have greatly improved." (*Revised and Enlarged Edition*, page 66) In 1983, Deng Xiaoping went to Zhejiang by way of Jiangsu, and from Zhejiang to Shanghai. On his way, he saw the local situation was encouraging and people were happy. There were many new houses, and the market was full of goods. The cadres he met were confident. He was very pleased, saying: "It looks promising for the four modernizations." (*Revised and Enlarged Edition*, page 13) He especially lit up when he talked about the situation in Jiangsu's Suzhou Prefecture. He said: "When I was there last year, the per capita industrial and agricultural output value in Suzhou Prefecture was nearly \$800, or \$400 in terms of the per capita gross national product. When I inquired about the living standards in Suzhou, I found out these facts: First, people in Suzhou do not leave their native place for Shanghai and Beijing, and I do not think people in the rest of Jiangsu want to go to other places, either. They enjoy living in their hometown. Second, the average person has over 20 square meters in dwelling space. Third, there is universal education, and the local people use their own money to run the schools. Fourth, the people not only are able to meet their basic needs, they are also able to have enough household appliances. Many people already have television sets and other durable goods. Fifth, people's mental attitudes have changed a lot. Cases of violation of the law and discipline have greatly declined." (*Revised and Enlarged Edition*, page 75)

In 1984, Comrade Xiaoping made another inspection tour in various parts of the country. He concentrated on several special economic zones in the south. When he inspected the Shenzhen Special Economic Zone (SEZ), he observed the tremendous change reform and opening up has brought to the area. He could hardly restrain his excitement, saying: "During my recent trip there, Shenzhen gave me the impression of a city full of prosperity." "I heard Shenzhen's social order is much better than it was in the past. People have begun to come back from Hong Kong. One of the reasons is employment opportunities. People's income has increased, and material conditions are also much better. It shows that advanced culture and ideology come from material progress!" (*Revised and Enlarged Edition*, page 41) When he inspected a new fishing village in Shenzhen, where he

saw the fishermen leading a well-to-do life, he excitedly counted with his fingers and said: "It seems that it will take less than 100 years for China to catch up with developed countries at the intermediate level. China will achieve this goal probably in the middle of the next century." (Quoted from Zhang Shengyou's Explanatory Notes to *The Choice of History*) He wrote an impromptu inscription for the Shenzhen SEZ: "The development and experience of Shenzhen have proved that our policy to establish special economic zones is correct." (Quoted from SHENZHEN TEQU BAO [SHENZHEN SPECIAL ECONOMIC ZONE NEWS] newsletter: "The East Wind Brings Spring All Around")

Last spring, during his tour to the south, Comrade Deng Xiaoping devoted his talks mainly to the issue of a criterion for judgment. Fully affirming China's reform and opening up, he said: "The economy developed at a fairly fast pace over the five years from 1984 to 1988. Reforms which were begun in rural areas brought about new changes nationwide. While village and town enterprises mushroomed the output of crops and peasants' incomes increased by a large margin. With growing purchasing power, ordinary peasants built new houses and brought bicycles, sewing machines, radios, watches, and other high quality consumer goods into their households. The increase in agricultural and subsidiary products, the expansion of rural markets, the mobility of the rural labor force—all gave a strong impetus to industrial development. The gross value of industrial output totaled over 6,000 billion yuan in five years, averaging 21.7 percent increase per annum." "These five years epitomize a vivid and convincing process of development. We may as well say that China obtained an enormous increase in its wealth and pushed its and the national economy to a new stage of development during these five years."

It is precisely because Comrade Deng Xiaoping has persisted in showing his affinity for the people in making policy decisions and adopting a judgment criterion that he has always responded with confidence when asked about questions whether the line, principles, and policies adopted by the party since the Third Plenary Session of the 11th CPC Central Committee will change. This is what he has said: "We are on the right track now; and the people are happy and we are confident. Our policies will not change. Should there be a change, it can only be a change for the better." (*Revised and Enlarged Edition*, page 16) "Who can change China's current policy of opening to the outside world and invigorating the domestic economy? If the policy were changed, we would forfeit the support of 80 percent of the people. Therefore, the decisive factor is whether the policy is correct. If we are on the right track and are supported by the people, the policy will not change." (*Revised and Enlarged Edition*, page 47) "I am convinced that regardless of the obstacles on our advancing road, a policy will succeed so long as it conforms to the vital interests of the majority of the people and is supported by the masses at large." (*Revised and Enlarged Edition*, page 122) He added:

"We must tell the whole world that the principles, policies, and strategies we have drawn up cannot be changed, because they have been proven correct in the course of practice. Should they be changed, the state and the people will suffer. Therefore, the people will not approve of change." "Not only the current generation" "but also the third, fourth, and fifth generations of leaders will not and cannot change these policies." (*Revised and Enlarged Edition*, page 71) During his tour to the south last spring, Comrade Deng Xiaoping pointed out even more explicitly: "During a short period of a decade or so, our country has developed rapidly, winning the people's delight and the world's admiration"; "only by persisting in this line will the people have faith in and support us. The people will not approve and will topple whoever wants to change the line, principles, and policies adopted since the Third Plenary Session of the 11th CPC Central Committee." These views clearly reflect that in considering changes in the line, principles, and policies for reform and opening up, Comrade Deng Xiaoping has always regarded the following as the starting point: "Will the people give their support?" "Will the people agree?" "Will the people be happy?" and "Will the people say 'yes'?" Such an affinity to the people—regarding the people's hardships and happiness as his own—shows that Comrade Deng Xiaoping shares weal and woe with, and links his heart to the hearts of the people at all times and under all circumstances. It is precisely because of such a broad and penetrating affinity to the people that Deng Xiaoping's thinking and theory have won the support of millions upon millions. "Xiaoping, how do you do" is a spontaneous greeting from millions upon millions of people showing their respect and admiration for Comrade Deng Xiaoping.

3. The affinity of social practice to the people: Comrade Deng Xiaoping has invariably adhered to the work method of "from the masses and to the masses" in skillfully absorbing the people's wisdom and respecting the people's creativity in the course of practice.

In applying the principle of historical materialism that the masses are the makers of history, Comrade Deng Xiaoping has not only adhered to the fundamental objective of "doing everything for the people" and "relying on the people in doing everything" in theory but also has persisted in the leadership and work method of "from the masses and to the masses" in practice. According to him, the correctness of the party's leadership work lies in whether it adopts the work method of "from the masses and to the masses." "If the party does not identify its stand as 'from the masses and to the masses,' it cannot solve problems pertaining to its relations with the masses in a real sense." (*Selected Works of Deng Xiaoping (1938-1965)*, page 206) This thesis shows Comrade Deng Xiaoping's penetrating understanding of the mass line as well as the affinity of his social practices for the people.

The one aspect of the affinity of his social practice that is most talked about today is his declared, unequivocal support—as early as before the "Cultural Revolution"—

for fixing farm output quotas on a household basis, a practice "created by the masses and wanted by the masses." Since cooperative transformation of agriculture was started in China, the people's demands for practicing fixed farm output quotas on a household basis had been suppressed every time they were raised. This practice of fixing output quotas was widely practiced three times. It emerged for the first time in 1956 when the nation was consolidating rural agricultural cooperatives following the eighth national party congress. It emerged for the second time in 1959 when the nation was consolidating the people's communes. On both occasions, it was regarded as "taking the capitalist road" and was suppressed soon after their emergence. The third time was during the period of readjustment after the "Great Leap Forward" was halted. This time it emerged with great force and by July 1962, 20 percent of the nation's villages had already adopted this practice in one form or another. At that time, Comrade Deng Xiaoping and many other central leading comrades supported this creation of the masses. Comrade Deng Xiaoping said unequivocally: "We should, I am afraid, take such an attitude in deciding which form of production relations is the best: that is, whatever form can rather efficiently and quickly restore and develop agricultural production in a given locality should be adopted there. The masses should be allowed to adopt whatever form they like; if that form happens to be illegal, make it legal." (*Selected Works of Deng Xiaoping (1938-1965)*, p 305) When the Secretariat of the CPC Central Committee convened a meeting to discuss this issue, Comrade Deng Xiaoping said: "The masses' demands are, generally speaking, justified. We must not reject them out of hand." (quoted from *A New Surging Tide—The Ins and Outs of Deng Xiaoping's Southern Tour*, page 10) These are portents of Comrade Deng Xiaoping's idea of rural reforms. Soon after reform was launched in the countryside and exactly in line with this idea when the practice of fixing farm output quotas on a household basis emerged again in the countryside and again encountered resistance, Comrade Deng Xiaoping stepped forward in good time to point out: "Now that more flexible policies have been introduced in the rural areas, the practice of fixing farm output quotas on a household basis has been adopted in some localities where it is suitable. It has proved quite effective and changed things rapidly for the better. Fixing output quotas on a household basis has been adopted by most of the production teams in Feixi County, Anhui Province, and there have been big increases in production. Nearly all the production teams in the same province's Fengyang County, which incidentally is the locale of the 'Fengyang Flower-Drum' Opera, have been practicing an all-around contract system, which, inside of a year, has resulted in an upswing in production that has transformed the county's prospects. Some comrades are worried that this practice may have an adverse effect on the collective economy. I think their fears are unwarranted. Development of the collective economy continues to be our general objective. Where farm output quotas are fixed by household, the production teams will constitute the main economic units.

What does the future hold for these places? It is certain that as long as production expands, division of labor increases and the commodity economy develops, lower forms of collectivization in the countryside will develop into higher ones and the collective economy will acquire a firmer basis. The key task is to expand the productive forces and thereby create conditions for the further development of collectivization." (*Selected Works of Deng Xiaoping (1975-1982)*, page 275) It is due precisely to Comrade Deng Xiaoping's vigorous support that the household responsibility system with remuneration linked to output—fixing farm output quotas on a household basis is its principal form—swept the nation like blazing prairie fire in no time at all, contributing enormously to further liberating the productive forces in China's countryside.

Another example concerning Comrade Deng Xiaoping's respect for people's initiative can be observed from his warm support for rural enterprises which peasants undertake. As a result of the introduction of contractual production systems in rural areas, labor productivity heightened and labor force in rural areas shifted to other sectors, giving rise to the establishment of rural enterprises. At first, people inside and outside the party had very different views toward this great development, but Comrade Deng Xiaoping, with his sagacious perception, immediately gave it warm support and high acclaim, realizing its great vitality. Commenting on rural reform in a talk in 1987, Comrade Deng Xiaoping said: "We never expected that the development of rural enterprises was our greatest achievement. Like a new force coming to the fore unexpectedly, many diverse economic undertakings, commodity producers, and small enterprises have been set up." "Because of the development of rural enterprises, especially industrial enterprises and enterprises of some other trades, the placement of 50 percent of rural areas' surplus manpower was resolved. Instead of heading toward cities, this surplus manpower set up a large number of small and new towns in rural areas." (*Important Talks of Deng Xiaoping*, February-July 1987, pages 33-34) Because of Comrade Deng Xiaoping's warm support, what used to be nonexistent rural enterprises began to appear in China, developing and maturing tenaciously in the stormy market economy—from small and primary at first to big and high class later. Employing nearly 100 million people in rural areas, rural enterprises now account for one-third of the nation's annual gross industrial output, contributing significantly to the development of rural areas' commodity production, modernization, and urbanization.

When Comrade Deng Xiaoping recalled this process during his tour in southern China last spring, he said with deep feeling: "The successes we have achieved in reform and opening up can be attributed to doing practical work and seeking truth, not to book worship. Rural areas' contractual production systems were inventions of peasants. Many good projects concerning rural reforms were invented by people at grass-roots units. We used them as national guidelines after we processed and

refined them." Comrade Deng Xiaoping recently added: Output-based contracts were proposed by peasants, and rural enterprises were also a creation of the masses; our service was one of generalizing the masses' creations into theories. Such leadership and method of work—characterized by his humbleness in learning from the people and by his skills of summing up the masses' experiences and creativity—are specifically the epitome of the affinity of Comrade Deng Xiaoping's thought of social practice to the people. Comrade Deng Xiaoping has enlightened us with his theory and practice holding that the CPC-led people's revolution and socialist construction are causes of the people themselves, and that Communist Party members are always a minority among the people. Thus, no matter what we do, we must seek the people's support and trust them, always care for the interests and wishes of the broadest masses of people, be good at assimilating their wisdom, and highly respect their creativity. When we can do so, our cause will be invincible everywhere.

Guangxi Students Write Letter of Thanks to Deng

OW0212125892 Beijing XINHUA in English 1232 GMT 2 Dec 92

[Text] Beijing, December 2 (XINHUA)—Students who benefited from the "Hope Project" in the Baise area of south China's Guangxi Zhuang Autonomous Region wrote to Deng Xiaoping recently in thanks for donations for the project.

"We were deeply moved when we knew you donated 5,000 yuan for the 'Hope Project' in the name of an old communist and your donation would be used to help dropouts in the Baise area," the letter said.

The "Hope Project", sponsored by the China Youth Development Foundation (CYDF), aims to help school dropouts in China's poverty-stricken areas to return to school.

Deng Xiaoping had anonymously contributed 5,000 yuan to the "Hope Project" earlier this year. Through many investigations, CYDF found out Deng was the donor and decided to use his donation to help school dropouts in the Baise area of Guangxi, where Deng led the Baise uprising in 1929.

Since the "Hope Project" was initiated in 1989, it has helped 2,500 dropouts in Baise to return to school.

The students said in the letter that they will study hard and train themselves to be successors to the cause of socialism.

Statistics released by the CYDF showed that the "Hope Project" has received more than 50 million yuan of domestic and overseas donations in the past three years. So far, it has helped over 230,000 dropouts in poverty-stricken areas to return to school.

Official Discusses Administrative Reform

HK2711060592 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 45, 9 Nov 92 pp 3-4

[Interview with Gu Jiaqi, official in charge of State Commission for Establishment of Government Organizations Comprehensive Group, by staff reporter; place and date not given: "China Actively Promotes Administrative Structural and Organizational Reform"]

[Text] The 14th CPC National Congress report explicitly points out: "We must make up our minds to carry out administrative structural and organizational reform, earnestly change government functions, rationalize relations, streamline administration, and improve efficiency." These are urgent tasks in political structural reform and also important conditions for deepening economic reform, forming the market economic structure, and speeding up modernization. For this reason, our reporter interviewed Gu Jiaqi, official in charge of the State Commission for the Establishment of Government Organizations Comprehensive Group who participated in the discussions on administrative structural and organizational reform. Our reporter asked him for his views on coping with the establishment of the socialist market economic structure and carrying out administrative structural and organizational reform. The following are questions and answers between the reporter and Gu Jiaqi.

[Staff reporter] In forming the socialist market economic structure, why is it necessary to introduce administrative structural and organizational reform?

[Gu Jiaqi] China's organizational establishment and administrative structure have been reformed many times since the Third Plenary Session of the 11th CPC Central Committee but they have not broken away from the pattern left over by the previous highly centralized planned economic structure. Taken as a whole, the government's functional disposition and organizational establishments do not conform with the demand of the socialist market economy. Macrocontrol and regulation are ineffective; micro-intervention is excessive; control is too rigid; production is divorced from circulation; departments are separated from regions and their relations are not smooth; and enterprises lack autonomy, while their economic vitality is inadequate. Administrative departments are overstaffed at all levels. The state's financial burden is too heavy and has reached a very serious degree. This situation has caused quite serious shortcomings and consequences and must be changed. If no substantial progress is made in this respect, the formation of the socialist market economy and the deepening of the entire reform will be seriously affected.

[Reporter] In coping with the demand of the socialist market economy, how should we proceed with the administrative structural reform to prevent ourselves from taking the same beaten tracks as in several previous reforms?

[Gu] The 14th CPC National Congress explicitly set the target for establishing the socialist market economic structure, thus pointing out the direction of the next reform. The establishment of the socialist market economic structure involves reform in many areas of the superstructure and reform of the administrative structure, particularly the transformation of government functions. This is a very important link.

The fundamental way to carry out administrative structural and organizational reform is to separate government administration from enterprise management so that the government will be able to concentrate its efforts on exercising macrocontrol and regulation over the national economy; shift from direct management over enterprises to indirect control and regulation; delegate operational autonomy to enterprises; and continue to delegate powers to the lower levels and enliven them. Government administrative functions should mainly be overall planning, ensuring the implementation of policies, providing information guidance, carrying out organization and coordination, providing services, and conducting inspection and supervision.

After the founding of New China, organizational reform characterized by streamlining administration was conducted on many occasions but there remained the following irritation: After several organizational reforms to streamline the administration, apart from being unable to solve the problem of streamlining the administration, we could not touch many problems which existed in the government's functional disposition and its administrative operational mechanism and administrative efficiency remained difficult to improve. This suggests that dissolving and merging some departments is only to repeat what had been done in previous streamlining or organizational reform. This cannot help blaze a new trail for the improvement of China's administration or its system. Therefore, in the current reform, "administrative structural and organizational reform" is used to replace "organizational reform"—a concept which has been used for decades. This change indicates an omnidirectional reform of various aspects of the administrative structure and various links in administrative operation.

Starting from a very high point, the current reform will proceed from government functional disposition and focus on delegating powers to enterprises and transforming government management methods, with the aim of solving a number of problems in administration. Through reforming and improving various links in administrative operations, efficiency will be improved, the mechanism will be perfected, the establishment of the socialist market economic structure will be expedited, and the productive forces will be emancipated and developed. The current reform includes dissolving, merging, and reorganizing government institutions and also the introduction of new administrative methods and a new administrative system. The demand of a new economic mechanism for the formation of its organizational structure will be taken into account and more attention will be paid to nurturing coordination and unanimity between the operation of the new organizational

structure and the establishment and development of its new economic structure. Based on this, the principle in the current reform is that reform will be introduced to the parts of organizational disposition and administrative structure which are unfavorable to expediting reform, opening up, and economic construction; unfavorable to the development of the socialist market economy; and unfavorable to strengthening macrocontrol and regulation and improving administrative efficiency.

[Reporter] In establishing a completely new administrative structure, apart from the functional transformation you have already mentioned, what else should be done?

[Gu] The current administrative structural and organizational reform will also be targeted at improving administrative efficiency and establishing a new administrative operational mechanism, improving and popularizing it step by step. To sum up, this comprises roughly the following detailed measures:

1. The policymaking structure should be improved so that administrative policymaking will proceed in a scientific manner. To achieve this end, first, there is a need to form a relevant and legal policymaking procedure; second, there is a need to implement the administrative chief responsibility system and to provide a perfect policymaking supplementary organ for the administrative chief to make policies; third, there is a need to form a policymaking responsibility system to strengthen administrative responsibility; and fourth, there is a need to improve the ability to collect and handle information to provide prompt, accurate, and overall information for policymaking and to prevent errors and bias.
2. The structure for carrying out administration should be improved and various relations in administrative operations rationalized. To achieve this end, first, it is necessary to improve the leadership methods of departments carrying out administration, to clearly define the executive responsibility of administrative leaders and working personnel at all levels, to exercise unified command, to carry out concerted action, and to prevent deformities and distortions in policymaking; second, it is necessary to establish scientific work rules, work procedures, and work time limits so as to stop all sorts of disputes over trivia, the practice of shirking responsibility, the habit of overstepping one's power, and neglect of duty; third, it is necessary to rationalize the relations between the central authorities and localities, between different levels of local governments, and between different departments, so that governments and departments at all levels standardize and coordinate their administration; and fourth, it is necessary to ensure implementation of the "Administrative Procedural Law" and to protect the legitimate rights and interests of the masses and all kinds of social organizations in the course of carrying out administration.
3. The administrative supervisory structure should be improved and supervision over violations of discipline strengthened. To achieve this end, first, it is necessary to

enrich and strengthen the power of all kinds of supervisory departments, improve the quality of supervisory personnel, and to enhance the position of supervisory departments; second, it is necessary to create coordination and unanimity between all kinds of supervisory departments and all levels of supervisory departments, clearly divide their work, and to solve their problems of overlapping functions and shirking responsibility; third, it is necessary to improve management over field departments of governments at all levels, particularly governments at the grass-roots level, which have direct contacts with the masses and enterprises; rectify and standardize their organizational structure; clearly define their responsibilities and systems; simplify working procedures; set strict work time limits; remove all corrupt practices and other malpractices; and fundamentally solve the masses' "difficulties in seeking solutions to their problems."

4. The formation of the legal system should be strengthened and legislative and law-enforcement work improved. To achieve this end, first, it is necessary to strengthen administrative and legislative work relevant to overall administration and the administrative structure, revise and improve the organizational law for all levels of government, and formulate organizational establishment law, administrative procedural law, and other legal documents; second, it is necessary to improve and reword the existing administrative law and to revise its provisions which do not conform with the implementation of administrative structural and organizational reform or with the establishment of a new economic structure; third, it is necessary to strengthen the functions of governments at all levels in carrying out management and study of their policies and regulations so that these functions will become effective macromanagement methods.

[Reporter] The previous organizational reform could not escape the cycle of "streamlining, expansion, streamlining again, and expansion again." Personnel will be reduced in the current reform. What should we do to avoid "taking the road back?"

[Gu] The expansion of China's administrative organizations and administrative personnel has always been an acute problem affecting administrative management. In China's previous efforts at streamlining there was a common problem which remained unsolved, namely reexpansion after streamlining. The most important cause of this phenomenon was that there was no way out for the surplus personnel. Why was there no way out for them? The main reason was that the development of China's economic organizations was incomplete, its tertiary industry was undeveloped, and its economic organizations could only take limited numbers of personnel. The current reform faces a quite different situation from the past. The central government has decided to further expedite reform and opening up and to make major efforts to develop the tertiary industries. This will make it possible to integrate personnel reductions, the improvement of work efficiency, and the development of

the social productive forces, to improve the mix of office personnel. This will also enhance their quality and allow a large number of personnel to move to the tertiary industries and other posts which need to be strengthened. Personnel may be sent to business undertakings and grass-roots organizations to strengthen them; fine cadres may be sent to townships, towns, neighborhood committees, and villages; training and rotational training may be organized; temporary personnel and borrowed personnel may be urged to leave; and the retirement system should be strictly implemented. All these methods can be adopted to transfer some personnel. If we can solve the resettlement problem for surplus personnel smoothly and on the basis of transforming government functions, we will be able to gradually dissolve professional operational departments and departments with overlapping functions or similar vocations, to reduce nonpermanent organizations by a wide margin, to cut the number of personnel, and to set strict establishment sizes.

In addition, the current administrative structural and organizational reform will closely converge with the formation and implementation of the state civil service system so that they promote each other. The state civil service system is systematic and comprises detailed regulations on civil servants' rights, interests, duties, and classification of their posts; employment through examination; rewards and punishments through assessment; and promotions, training, salaries, welfare, resignations, dismissals, and retirements. All these embody a competitive mechanism and the demand for legal management. In the current reform, the civil service system will be introduced after functions, organizations, and establishment sizes are fixed and then wage system reform will be carried out. These coordinated reforms will produce a substantial influence on China's work of building clean and hard-working administrative departments, on optimizing personnel quality, and on improving administrative efficiency.

[Reporter] In our previous administration and management, like treating the market economy as the basic economic characteristic of the capitalist economy, we remained tight-lipped on the experiences and methods of administration and management in capitalist countries and were not bold enough to take them for reference. In the current reform, there are also problems of updating our concepts and emancipating our minds.

[Gu] Yes. In the current reform, we should further emancipate the mind and boldly absorb and learn from all the experiences and methods of administration and management in countries around the world which are beneficial to us, including those in developed capitalist countries.

Deng Xiaoping's important talks during his southern tour have provided a powerful weapon for the people in emancipating their minds. The 14th CPC National Congress report further expounds the need to learn from all advanced operational forms and management methods

of countries around the world, including developed capitalist countries, which portray modern social production and the general law of commodity economy. This, of course, includes the methods and experiences of Western capitalist countries in administration and management in handling the relations between the government and the enterprise, between the central authorities and localities, and in exercising macrocontrol and regulation over their economies and markets.

Administrative structural and organizational reform is a very arduous task and the entire reform is a complicated systems engineering project requiring overall planning, meticulous organization, integration between the higher authorities and the lower levels, and implementation step by step. It is necessary to successfully formulate and implement the State Council's reform program and set a good example in reform; on the other hand, provinces, cities, counties, and townships must all be active in comprehensively carrying out preparatory work for this reform on an experimental basis. All levels in the central and local authorities must closely cooperate with each other, coordinate their actions, and simultaneously proceed with administrative structural and organizational reform, striving to basically complete this reform within three years.

Taiwan Writer Wins Copyright Case in Beijing

HK0212073492 Beijing CHINA DAILY in English 2 Dec 92 p 3

[Text] Luo Lien, a female Taiwanese writer, won a case in Beijing last week against Liang Haisheng, an individual publisher, and the mainland Zhuoyue Publishing House (ZPH).

The two mainland defendants, according to the final verdict from the Beijing Intermediate People's Court, have to pay the Taiwan writer 18,900 yuan (\$3,436) as compensation for illegally publishing Luo's book "Luo Lien's Views on Life."

It was the first case of its kind handled by a mainland court, sources close to the court disclosed.

This, the sources said, showed the Chinese Government is able to give practical protection to Taiwan writers' copyrights. They urged the Taiwan authorities to offer the same protection to the mainland writers.

Luo entrusted Zhonghua Copyright Corporation (ZCC) to act as her agent in the mainland in 1988. In the same year, the Shenzhen-based Haitian Publishing House officially printed "Luo Lien's Views on Life" with ZCC's permission.

But, many illegally-printed copies of the book published by Zhuoyue Publishing House have been sold on Beijing's book market since June 1990.

These copies were printed and distributed by Liang Haisheng, who gained the book's copyright and other

permits from the ZPH illegally. The ZPH has to be responsible for its poor management, the court said.

Intentions of 'Human Rights Warriors' Assessed

HK0212061092 Beijing RENMIN RIBAO in Chinese 29 Nov 92 p 6

["International Jottings" by Wei Xiong (0251 7160): "Actually Pushing Hegemonism Under the Pretext of Showing Concern Over Human Rights"]

[Text] Promoting the universal realization of mankind's human rights and basic freedoms is one of the purposes of the "UN Charter" as well as an important element of current UN activities. Article 1, Section 3 of the Charter clearly points out: "Achieve international cooperation in solving problems of an economic, social, cultural, or humanitarian character among nations and heighten and inspire respect for all mankind's human rights and basic freedoms regardless of race, sex, language or religion." It is very obvious that, in the field of human rights, all nations should do their utmost to promote international cooperation. Regrettably, however, there are some people in the world who deviate from the stipulations of the Charter, use human rights as a means to achieve their own political purposes, wantonly interfere in other countries' internal affairs, and poison the atmosphere of international cooperation in the field of human rights.

Assuming the airs of "human rights warriors" and "human rights judges," some people examine others, in particular, countries with different social systems and the vast numbers of developing countries, using their own ideology and values as a mirror, and always criticizing those of others as being devoid of any merit. They hardly realize that the mirror used by those who have a prejudice against others is but a "distorting mirror" at best, which can only distort images. They still have a bad habit of waving the baton and hitting those whom they regard as not being up to their standards. In minor cases, they exert pressure and reduce assistance, and, in extreme cases, they impose "sanctions" and even resort to force by dispatching troops. This way of doing things is both undemocratic and devoid of freedom. It is out-and-out the way of a tyrant. Counting on their political, economic, and military strengths, some countries make irresponsible remarks and indiscreet criticisms of other countries' internal affairs and follow double standards in their dealings with these countries. In the issue of human rights, they praise themselves and vilify other countries. They pass judgment on a country on the basis of whether it pursues the same social system as they do and the closeness of their relations—not on the basis of its overall and true human rights situation. They only show concern for the so-called "human rights" of the tiny number of criminals engaging in the activities to overthrow the governments and change the social systems of their countries or to split their countries and decline to have a look at the people of these countries who are fully enjoying extensive rights and freedoms.

At the ongoing session of the Third Committee of the 47th UN General Assembly, there was a small number of people who came out and "vehemently" presented their views. They named the names of some 20 developing countries in one breath and attacked them on the human rights issue. They keep silent on their own affairs, however, and are still pursuing an ostrich policy toward their allies, where violent phenomena relating to racial discrimination, racism, xenophobia, and neo-Nazism are becoming increasingly rampant. They even brag about the pustules on their heads as laurels.

These people are well-advised to review the past events and current conditions of their own countries. Are these countries' human rights records and current conditions really so good? If they refrain from pursuing double standards, they will certainly find that their human rights records and realities are not only bad but are also quite inglorious, as one may well say. As a Chinese saying goes, if you are not upright, how can you ask others to correct their behavior? Therefore, it would be better for them to mend their own ways before working on those of others. If they ask others to correct their behavior, this should be done only on the basis of mutual equality and respect and of seeking common ground while reserving differences.

Today we are living in the 1990's. The "cold war" has ended, and great changes have occurred in relations between states. The days when one, two, or a few countries manipulated the majority of countries at will are gone forever. If these countries persist in the wrong without realizing it, they will find themselves in an isolated position. Although the vast numbers of developing countries are not very wealthy and strong today, they have backbone and will not be outdone in safeguarding state sovereignty, national respect, and their own human rights. In the past, they resolutely resisted the perennial aggression and suppression of the old-style colonialists. Today, they have enough strength to resist in unity the imposition on them of values and social models by the pursuers of power politics and hegemonism and persist in embarking on the road of development which they chose themselves.

Science & Technology

Conference on Environmental Protection Convened

Li Peng: Environment 'Fundamental' Policy

HK2511150792 Beijing XINHUA Domestic Service in Chinese 0925 GMT 25 Nov 92

[Report by XINHUA correspondent Sun Benyao (1327 2609 1031) and Tian Shanchuan (3944 1472 1557), Central People's Broadcasting Station correspondent]

[Text] Beijing, 25 Nov (XINHUA)—State Council Premier Li Peng said today in meeting with delegates for the national conference of the environmental protection bureau chiefs at Zhongnaihui Ziguangge [Purple Light

Pavilion] that environmental protection is our country's fundamental state policy, and in the process of economic development, not only should our country's environment not be polluted or destroyed, it should be further improved.

During the national conference of the environmental protection bureau chiefs, leading comrades such as Premier Li Peng, Vice Premier Tian Jiyun and State Councillor Chen Junsheng met warmly with conference delegates and congratulated them on the opening of the conference. In his address Li Peng said: Both the party and government attach great importance to environmental protection. In the 14th party congress report Comrade Jiang Zemin listed boosting environmental protection as one of the important tasks in the future, stressing that we must build material and spiritual civilizations, and need not only economic development but also a good working and living environment.

Li Peng said: China's environmental protection has its own characteristics; it is hoped that everyone can conscientiously handle this job well based on specific conditions in different localities.

In his address Li Peng commended the State Environmental Protection Bureau for doing a tremendous amount of work. He hoped that the broad mass of cadres and workers on the environmental protection front would continue to work hard to keep environmental protection in continual progress and to promote reform, opening up and the development of the national economy.

Environmental Protection Goals Set

HK25111030492 Beijing CHINA DAILY in English 25 Nov 92 p 1

[Report by staff reporter Wang Yonghong: "State Sets Goals for Ecological Protection"]

[Text] To help preserve a healthy environment during its fast economic development, China has decided to step up ecological protection with both legal and economic means, a top environmental official said.

"Now that the nation has set a very high economic growth rate for the coming years, it is imperative that pollution be controlled at a level as low as possible," Qu Geping, director-general of the National Environmental Protection Agency (NEPA), said at yesterday's opening session of a national conference on the environment held in Beijing.

While marked progress has been achieved this year on environmental protection, Qu said, it is still an arduous task to preserve a good environment because China will see more rapid industrial development in the coming years.

A growing population, rapid industrial development and urban expansion have made it necessary for China to take prompt measures to control air pollution and industrial waste, he said.

Economic means, including both fines and cash awards, have been proven effective in enforcing laws on environmental protection, Qu said.

The NEPA plan for next year, released at yesterday's meeting, sets out the construction of basic facilities for environmental protection and the prevention of industrial pollution as China's major tasks for 1993.

The plan emphasizes improving urban public utilities, considered one of the country's weak spots. Improvements should include: Drainage and sewage disposal; more centralized heating that cuts back on pollution; expanded production of cooking gas; treatment and utilization of wastes; control of smoke, dust and industrial and traffic noise; and many more anti-pollution projects.

The plan says projects to build new development zones and renovate old cities must take into account urban infrastructure for environmental protection.

Starting next year, restaurants and hotels will be charged for discharging pollutants, and industrial polluters will be fined accordingly.

Qu said governments at all levels and all enterprises must stress equally economic development and environmental protection and improvement.

"There is no way for any units, firms and individuals to profit at the expense of environment," he said.

According to the NEPA plan, all industrial projects that pollute because of improper design or outdated technology will be banned.

No foreign-invested project that might bring serious pollution will be allowed, Qu said.

"It is one of the efforts for China to implement the documents passed at the Global Summit earlier this year," he said.

In order to further carry out Global Summit resolutions, China will draft next year more national or local regulations on the prevention of radioactive pollution, the management of natural reserves, the environmental management of construction projects and environmental monitoring, Qu said.

But the laws and regulations should be suited to national and local conditions, he added.

New Regulations on Pollution Planned

HK2811041992 Beijing CHINA DAILY in English 28
Nov 92 p 3

[Report by staff reporter: "New Rules on Pollution Laid Down"]

[Text] China plans to hammer out a package of regulations to help rural enterprises progress smoothly while enforcing environmental protection, according to sources from the Ministry of Agriculture and environmental departments.

"The rapid development of township enterprises has prompted governments at all levels to take immediate measures to curb the worsening ecological conditions in the rural areas over the country," said officials at the National Conference on Environmental Protection, which concluded on Thursday.

With a marked average growth of more than 28 percent in the past 10 years, China's rural industry is expected to chalk up a total output value of 1,500 billion yuan (\$268 billion) this year.

The total production value of rural enterprises constitutes about a fourth of the total production value of the national economy and about 60 percent of the total production value of the rural economy.

But the rural industry boom has led to serious environment pollution in rural areas, because there have been no comprehensive regulations to prevent this.

The spread of township enterprises across the countryside has meant environmental pollution now extends from urban to rural areas.

Some firms, such as asbestos producers, and coking and papermaking companies, are among the country's biggest polluters—pouring their waste directly into the air and water and onto the land.

The officials said environmental pollution caused by rural industry will worsen if no immediate measures are taken in the coming years.

Water pollution will become the major problem in Henan and Sichuan provinces, and in the east of the country. Air pollution and ecological destruction—caused by mining and smelting using local methods—will become a problem in central and western regions, and in some parts of the east.

In order to preserve the smooth development of rural industry and good ecological conditions at the same time, the Ministry of Agriculture and the National Environmental Protection Agency (NEPA) will next year jointly map out a package of regulations on environmental protection in rural areas.

Comprehensive regulations on the environmental management of rural enterprises will also be drafted next year, while some measures will be imposed on the

management of rural environmental monitoring and on the development of natural resources.

Local authorities are also being asked to map out regulations and measures according to their local conditions.

According to a circular released by NEPA at the conference, the enterprises will be fined or punished if they violate regulations or abuse natural resources.

Rural firms and industrial projects which use backward technology, simple and crude equipment, abuse natural resources, and have brought about or are likely to bring about pollution, will be banned from production or forced to change their production methods.

Non-pollution and environmentally friendly enterprises and production methods is a key goal in rural areas, according to the officials.

In the next three years, with the help of central government, 10 sample counties with good environmental conditions—and between five and seven sample projects run by rural enterprises and designed to treat pollution—will be established.

Commentator Hails Development of 'Supercomputer'

*HK0112132192 Beijing RENMIN RIBAO in Chinese
20 Nov 92 p 1*

[Commentator's article: "Congratulations on Another Victory in Development of Yinhe Supercomputer"]

[Text] Not long after the victorious close of the 14th CPC National Congress, the good news of the successful manufacture of a supercomputer, the Yinhe-II, which is capable of 1 billion operations per second, spread from the University of National Defense Science and Technology in Changsha. This is a major result achieved by Chinese scientific and technological workers under the guidance of the party's basic line. We express our warm congratulations and heartfelt thanks to the scientific and technological workers who have won glory for the Chinese nation.

Advanced science and technology are the commanding heights of international competition in science and technology. Every breakthrough in this field will, more often than not, give an extremely great impetus to the development of related branches of learning and will promote the development of new technologies and industries. With boundless love for their motherland, the scientific and technological workers boldly absorbed all advanced foreign technologies for China's own use and courageously organized a new decisive battle in the field of advanced science and technology following China's first successful manufacture in of the Yinhe computer in 1983. They have made unremitting efforts to improve themselves, worked with an indomitable spirit, and have not hesitated to sacrifice what they had, and eventually

overcome technological problems in the manufacture of the supercomputer, thus scoring another victory for the Yinhe spirit.

The successful manufacture of the Yinhe supercomputer has created fresh experience in accelerating China's development of science and technology in the favorable situation of reform and opening up to the outside world. Reform and opening up and bold importations on the one hand, and self-reliance and plain living and hard work on the other, are identical. Without bold importations we will be unable to race against time and with complete reliance on importation, and we will also be unable to occupy a seat in the field of world advanced science and technology. As competition intensifies in the field of advanced science and technology among nations, other nations will not easily transfer their achievements in this field. The only correct way of development is to combine importation, assimilation, and absorption of foreign technology with creative work. With the manufacturers of the Yinhe as our example, let us emancipate our minds, rouse ourselves, work hard, coordinate in unity, and struggle to raise China's advanced science and technology to a new level as quickly as possible.

Nuclear Fusion Research Device To Receive Upgrade

*OW0212095392 Beijing Central Television Program
One Network in Mandarin 1100 GMT 24 Nov 92*

[From the "National News Hookup" program]

[Text] The HL-1 Tokamak (China), a digitally-controlled device designed and built by China for nuclear fusion research, has been operating safely for eight years since it was completed and put to use at the Southwestern Institute of Nuclear Physics. During these eight years, it has been involved in over 20 major experimental programs and has completed over 400 projects. [Video shows high-angle view of complex facilities connected by pipes, tubes, and cables. Then the camera closes in to show a five-star insignia and the name of the device and its developer: "HL-1; China Circulating Current Equipment, No. 1; Southwestern Institute of Nuclear Physics"]

Digitally-controlled nuclear fusion is one of mankind's major projects for energy development. Scientists at the Southwestern Institute of Nuclear Physics have been engaged in this research project since 1984. The device has been upgraded during this time. As a result of experiments conducted during the first five years, the device reached international standards in plasma quality parameters, and this enabled China to participate in international cooperation in this field. Scientists have also accomplished many research projects over the past three years. Recently, a group of experts approved research results achieved by the HL-1, and the device's technology will soon be further upgraded. The device will become even more functional after the upgrade.

Second Super Critical Generating Unit Operational

OW2711090292 Beijing XINHUA in English 0833
GMT 27 Nov 92

[Text] Shanghai, November 27 (XINHUA)—China's second super critical generating unit with a capacity of 600,000 kilowatts started operation on November 23 in the Shanghai Shidongkou No. 2 power plant.

As one of the state key projects, the Shanghai Shidongkou No. 2 power plant is co-funded by the Huaneng International Power Development Corporation, a Sino-foreign joint venture, and the Shanghai Municipal Government.

The first phase investment to the project, standing at over three billion yuan, was used in importing two world advanced super critical generating units each with a capacity of 600,000 kilowatts.

The first generating unit was put into operation in June this year. The unit has safely operated for 186 days, producing 1.7 billion kilowatt-hours.

So far, the second generating unit is in good operation performance.

Li Peng Praises Research Institute's Reform

OW3011111692 Beijing Central People's Radio
Network in Mandarin 1030 GMT 25 Nov 92

[Report by station reporter Li Jianxin and correspondent Shao Xiangming; from the "National Hookup" program]

[Text] The Nanjing Automation Institute affiliated with the Ministry of Energy Resources has become the first in the country to industrialize the fruits of its scientific research through deepening reform of the science and technology management system.

To encourage the institute, Premier Li Peng recently lauded its successful reform.

The Nanjing Automation Institute—a comprehensive high-tech research institute directly under the Ministry of Energy Resources—undertakes major state research and development projects on the technology and equipment of electric power automation in China. The State Electric Power Automation Engineering and Technology Research Center is part of the institute's operations. Since 1984, the institute has carried out and scored notable achievements in a series of structural reforms aimed at gradually shifting scientific research forces to the main task of economic construction. The total volume of contracts signed with lateral units has increased 31.3 percent annually. In 1991, the institute's total revenues from operations amounted to 38 million yuan, making it the leader in the domestic market for electric power automation equipment. In addition, the

institute has won a bid for [words indistinct] power transmission lines, a World Bank loan, and other international biddings.

Last July the institute began to deepen reform. Pooling all resources, the institute inaugurated the (Nanrui) Automation Corporation with 12 branch offices based on its former research divisions. Under a dual management system, the institute's staff members are generally assigned to two concurrent posts—one in the institute and the other in the corporation; they continue to perform research and development projects in the institute while vigorously developing high and new technologies in the enterprises for sales in the domestic and foreign markets. The institute's general objective is to make the contingent of high-tech personnel the leading force of economic construction and to materialize the idea of science and technology as the primary productive force in a true sense. The institute's total revenue this year is expected to be double that of last year at more than 70 million yuan. Recently the State Science and Technology Commission has incorporated the institute into the first batch of pilot units for deepening the reform of science and technology management systems. The Ministry of Energy Resources has publicized the institute's successful reform.

Jiang Zemin Inscribes New Science Weekly

OW2711092592 Beijing XINHUA in English 0900
GMT 27 Nov 92

[Text] Beijing, November 27 (XINHUA)—The "CHINA SCIENCE WEEKLY" will be launched in January 1993.

Chinese Communist Party General Secretary Jiang Zemin inscribed the title for the journal, which will be published by the China Association of Science and Technology.

It will devote most of its four pages to scientific and technological developments, reform policies and theories as regards science and technology, and achievements and profiles of Chinese scientists, according to an official from the China Association of Science and Technology.

Military

Army Paper 'Pen Talk' on Market Economy

HK2711083792 Beijing JIEFANGJUN BAO in Chinese
30 Oct 92 p 3

["Pen Talk on Studying 14th Party Congress Guidelines" column by Wu Jinglian (0702 2417 8834): "Why Should We Choose the Socialist Market Economic Structure?"; first three paragraphs are JIEFANGJUN BAO "abstract"]

[Text] The decisive factor in judging an economic system's efficiency is whether or not the economic structure it adopts can efficiently utilize limited economic

resources. Planning and the market are two different means of resource allocation. The essence of selecting the socialist market economy is precisely to find an efficient way of resource allocation for the socialist economy.

The 14th CPC National Congress explicitly set out the reform's goal as being building a socialist market economic structure, which is the answer to the historical practice in building socialism. The planned economy is facing two insurmountable problems: First, the information issue and second, the interests issue. Because of problems in these two aspects, the planned economy does not require those units implementing the plan to reinvigorate themselves and keeps them under rigid control. Consequently, the enthusiasm and creativity of the enterprises and workers were repressed and enterprise efficiency was affected. To resolve this basic malpractice, we should not set out an ineffective remedy but go to the root of the matter and basically change the way of resource allocation. Facts show that retrogression is an impasse.

We must attempt to answer several specific questions: 1) How should we view the effectiveness of the planned economy when it was first implemented in some countries? 2) How should we account for the past malign cycle: "Lifting restrictions leads to chaos, chaos leads to retrenchment, and retrenchment leads to economic stagnation"? 3) Will independent enterprises taking the initiative in their own hands and assuming sole responsibility for their profits and losses change the nature of public ownership? 4) Why should we give up the formulation of "the socialist commodity economy"? And 5) Are there shortcomings in the market economy itself and, if so, how should they be corrected?

In his report to the 14th national congress, Comrade Jiang Zemin emphatically pointed out: "The development in practice and deepening of knowledge require us to explicitly set out that the goal of China's economic restructuring is building a socialist market economic structure." The fact that reform's goal of building the socialist market economic structure is explicitly written down in the party's programmatic document is another milestone in the historical march of building socialism with Chinese characteristics. The decision on replacing the planned economic structure with the market economic structure will bring about great changes in the social life and work in various aspects. This being the case, it is imperative that we earnestly study the spirit of the 14th national congress to heighten our consciousness in implementing the party line and policies.

I. The Essence Is To Choose Between Planned and Market Economies To Find an Efficient Method of Resource Allocation for Socialist Economy

Discussion on the relationships between the market and planned economy, and between the planned and market economies, has been going on for a century. In the dozens of years since the fall of the "gang of four," the discussion has gone on continuously in China until a

conclusion was reached in the 14th national congress report. Why should such great importance be attached to this issue? Because, the selection of the economic structure determines, to a large extent, whether or not the socialist economy will be efficient; and whether or not the economy is efficient is an important topic which can determine the rise or fall of our nation, and the life or death of the socialist system.

What major factor determines the level (of productivity) of an economic system? Analysis of economics tells us that the decisive factor here is whether or not an efficiently adopted economic structure utilizes limited economic resources. The manpower and material resources accessible to every generation are confined to a certain fixed quantity; whether or not a good job can be made of the economy depends precisely on the appropriate distribution and employment of those manpower and material forces. In economics, this is called the "allocation of rare resources."

From a static viewpoint, should our technology remain unchanged, the efficiency level is determined by the results of allocating the manpower and material resources in our hands to various departments, localities, and enterprises. Doing a good or a bad job of allocation will make a difference of scores, and even several hundred, of times in production results. Regarding departmental relationships, it is imperative that resources are distributed in proportion. Only then will it be possible to prevent resources from lying idle or being wasted. If manpower and material resources are put into the production of some products, the resources put into the production of other products will be insufficient; such conditions will result in disharmony in the proportional relations between various departments. Some "long supply" products will surface and take up excessive funds or result in waste because raw materials, energy resources, and labor are consumed but the products are unmarketable. On the other hand, some "short supply" products will also surface and their production will fail to meet the needs of other departments' development, thus the entire economy will be bogged down and at an impasse. The second point involved is the allocation of resources to localities. Likewise, whether or not a society is capable of correctly distributing limited resources to various localities determines production efficiency. If the method of "developing the strong points while avoiding the weak ones" is adopted with every locality giving play to its advantages and turning out the best products with the lowest cost, the entire society will get more products through division of labor between localities. On the contrary, if all localities fail to give play to their advantages and turn out all sorts of products, with each building its own "independent economic system" and even "developing the weak points but avoiding the strong ones," the volume of products turned out will be much smaller. In the final analysis, social resources are allocated to various basic production units (enterprises). There are different ways of allocating resources between enterprises; one way is to insure that resources are

employed in places where efficiency is highest, so that more products are turned out using the same amount of resources. Another way is to distribute resources without any priority, regardless of the differences in enterprises' efficiency, with all enterprises being half fed, and even "the cry babies will get more milk"; the lower the enterprise's efficiency, the more consideration for it in resource distribution. Under such conditions, social resources will be wasted by those enterprises low in efficiency and the consequences can be imagined.

It is all the more so from the dynamic viewpoint. That is to say, production technology itself is changeable, especially under the condition that contemporary science and technology bring about new changes daily and the speed of technological development determines the efficiency levels. In a nutshell, the speed of technological development is also a matter of resource allocation. If, in the course of economic development, more resources flow to places where technological progress is the fastest to support science and technological research and apply technological inventions to production with efficient stimulation (impetus and pressure) provided for technological progress, the efficiency will certainly be higher. In short, from the dynamic view, the improvement in efficiency depends on technological progress, whereas technological progress must have support from the method of resource allocation. Therefore, we can see that appropriate resource allocation is the decisive factor as to whether or not the economy is efficient.

How can resources be efficiently allocated? Resources do not have legs and they cannot take themselves to the most appropriate places; they must rely on certain social forces, and some system which people have formulated, namely, a structure for allocating resources. Just as Marx said: "If people fail to come together in a certain mode to share their activities and mutually exchange their activities, production will be out of the question. To carry out production, people will make certain contacts and form certain relations; only within the realm of such social contacts and social relations will their relations with nature come into being, as will production." To rationally allocate social resources, it is imperative that we set up a certain economic structure. Whether or not such a structure is acceptable and advantageous depends on its efficient allocation of resources. The planned economy and the market economy are two different ways of allocating social resources. Planned allocation means allocating resources based on a formulated plan between enterprises, localities, and departments. Market allocation means allocating resources with the force of the objective market. As to which of the two ways of resource allocation should be adopted, the criterion lies in which way is more efficient. This being the case, the crux in choosing between the planned economic structure or the market economic structure is precisely to find a method of resource allocation which is more efficient for our socialist economy. That is precisely the starting point in our analysis or, in economic terms, the theoretical framework for analysis.

II. Replacing the Planned Economic Structure With the Market Economic Structure Is a Historical Choice

Traditional concepts believe that a basic characteristic of the socialist economy is precisely to implement the planned economy; allocate social resources based on a plan; and to decide what and how to produce and whom the production is meant for. The Third Plenary Session of the 11th Central Committee convoked in December 1978 decided to reform this traditional economic structure. The 14th national congress explicitly set forth building the socialist market economic structure as reform's goal. Replacing the planned economic structure with the market economic structure is a choice made through historical practice. A long journey was made before we arrived at this understanding.

Having analyzed the malpractices of capitalism at the turn of the century, classical Marxist writers made the supposition that socialism should have a planned economic structure under the condition of public ownership. Marx indicated that, under the condition of public ownership: "Producers will consciously engage in social labor according to a common, rational plan." "Because society will govern according to a plan based on the actual resources in its possession and the whole society's needs, all this will be primarily eliminated, along with all harmful things resulting from the existing mass industrial system." Socialists in earlier days made this idea concrete. The 1891 Erfurt Social Democratic Party Congress program indicated that under the socialist condition, the entire society would become a unitary community, engaging in joint production for its own consumption. In other words, the socialist society would be nothing but a unitary enterprise of mass production and each production unit would be just one of its many workshops, or one of its production teams, which would conduct their production and exchanges according to a plan formulated by the factory headquarters. In his work "The State and Revolution" written on the eve of the October Revolution, Lenin wrote that under the socialist condition: "The entire society will become a managerial department and factory where everyone works equally with equal pay" and "all citizens will become workers and staffers in a 'syndicate' owned by the whole people and the state." On the contrary, if all localities fail to give play to their advantages and turn out all sorts of products, with each building its own "independent economic system" and even "developing the weak points but avoiding the strong ones," the volume of products turned out will be much smaller. In the final analysis, social resources are allocated to various basic production units (enterprises). There are different ways of allocating resources between enterprises; one way is to insure that resources are employed in places where efficiency is highest, so that more products are turned out using the same amount of resources. Another way is to distribute resources without any priority, regardless of the differences in enterprises' efficiency, with all enterprises being half fed, and even "the cry babies will get more milk";

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In the wake of the October Revolution, the Russian Communist Party set up its own economic structure based on earlier socialist concepts. When the wartime communist structure resulted in tremendous economic difficulties, the Russian Communist Party implemented the new economic policy in accordance with Lenin's thinking and "changed to the market economy form." However, after Lenin passed away, Stalin believed that the new economic policy was a transitional retreat; that being the case, when the economy revived, the pattern of planned economy was adopted anew in building socialism. There was little revision made in the Soviet planned economic structure which Stalin set up, compared with the planned economy in the conception of socialists of earlier days, with just a small factor of material stimulation added. The economic accounting system was implemented in enterprises, with appropriate material awards or penalties meted out to enterprises and workers according to the conditions of the fulfillment of the plan and quotas. Some market factors

were introduced but the basic framework remained unchanged, with prearranged plans being the basic means of resource allocation.

After World War II, all socialist countries (including China) were learning from the USSR, who set up the planned economic structure in each of their countries. The structure seemed to be very effective in the early days when it was first set up. In the prewar period, the USSR had rapidly built its own heavy and war industries relying on this structure, insuring victory the antifascist war. In the first few post-war years, the economic growth rates in East European socialist countries also ranked rather high in the world. However, the shortcomings of this economic structure soon made themselves felt. In the late 1950's, the economic growth rates in the USSR and East European countries slowed, with a cutback in economic returns and slow technological progress, while the gap with Western capitalist countries widened with each passing day. Thus, those countries put forward a demand to reform their economic administrative structure to various degrees.

Shortly after building the planning structure in a comprehensive way in 1956, China put forward a demand for restructuring. However, this involved a progress of development in our understanding of this structure. At first, our understanding was shallow and superficial; consequently, the solutions proposed did not work and had rather grave side effects. Until the Third Plenary Session of the 11th Central Committee our knowledge of the old structure's shortcomings remained at the same level: Its shortcomings lay chiefly in excessive and rigid control, with no power or interests allowed to localities, departments, enterprises and individual workers and, consequently, their enthusiasm had been repressed. Based on such understanding, the measure the central authorities adopted was to relegate powers and interests to localities inside the government system; however, this measure failed to basically resolve structural issues and brought about economic confusion. Some reforms were conducted between 1958 and the convocation of the Third Plenary Session of the 11th Central Committee, with the surfacing of a cycle of "lifting restrictions leads to chaos, chaos leads to retrenchment, retrenchment leads to economic stagnation," pending a basic way out.

Our understanding has deepened with each passing day since the Third Plenary Session of the 11th Central Committee. Back in 1961, China's outstanding economist, Sun Yefang, proposed that the key issue in restructuring did not lie in the division of power between governments but in allowing enterprises autonomy, while formulating plans on the basis of the law of value. However, before and during the "Cultural Revolution," such opinion was deemed "counterrevolutionary and revisionist" and it was very difficult for people to explore and discuss it, thus a basic change in the train of thought for reform was out of the question. In the wake of the Third Plenary Session of the 11th Central Committee, people started emancipating their minds and put

forward that reform's correct orientation was not "separating administrative power" but was to let enterprises have their say. Consequently, in the reform after the Third Session of the 11th Central Committee, such contents as delegating power and acceding interests to enterprises were added. However, the results were not obvious. Therefore, in the early 1980's, quite a few people in China's economics circles had come to see the imperativeness of radically changing the economic operational mechanism. Aiming at such problems as the inflation surfacing at that time, the famous economist Comrade Xue Muqiao believed that the reform conducted earlier fell in the category of "reform in distribution," which did not change the structure radically; consequently, it could not cure the shortcomings of the old structure. He advocated reform in circulation. One concept was to change the rigid price-control structure and lift price restrictions; another was to reform the circulation structure and change the existing planned allocation to commodity exchange. Many economists seconded his proposal and advocated changing reform's goal to replacing "the product economy" with the commodity economy. In the "Initial Opinion on Economic Restructuring" by the State Council State Commission for Restructuring Economy in September 1980, it was explicitly indicated that "The principle and orientation of China's economic restructuring should be: Under the condition of adhering to the domination of public ownership of the means of production, it is necessary to consciously apply the law governing the economy based on the requirements of developing the commodity economy and promoting socialized mass production" and to "change the unitary planned regulation to giving full play to the role of market regulation under the guidance of planning." That was the view of most economists. However, there were different views at that time.

In early 1984, the state leading economic department focused attention on studying how to improve the qualities of state-owned enterprises. The result of the study was that state-owned enterprises had to become independent commodity managers taking the initiative into their own hands and assuming sole responsibility for profits and losses. Only then could they enjoy vitality. In May the same year, the State Council issued a document on "10 points concerning expanding power," which set out that an enterprise's decision-making power would be expanded in 10 aspects. People came to see at that time that making enterprises independent commodity managers was an issue that going beyond the enterprises themselves and requiring the entire economic structure to undergo corresponding changes. Thus, the issue of rehabilitating the reputation of the commodity economy was posed.

With the ever-deepening of economic restructuring, people also deepened their understanding in the old structure's problems and what kind of economic structure should be built in reform. During that period, great progress was made in the study of socialist economics.

People began to see that they knew very little about the old structure's basic shortcomings. Actually, the most talked-of excessive and rigid control, which repressed the enthusiasm of various localities, departments and enterprises, was just phenomenal but not the heart of the matter. The heart of the matter lied in the fact that the way of resource allocation based on prearranged planning had basic shortcomings. Because highly centralization and unification are the indispensable characteristics of an economic structure with planned resource allocation. Should the malpractice of excessive centralization be corrected, reform of such way of resource allocation must be conducted. If a mandatory economy characterized by separation of power was to be built instead, the old shortcomings would stay, whereas new ones would surface because "there would be divided policies from various departments." Socialists of earlier days and we ourselves, when we embarked on socialist construction, believed that the planned economy possessed the basic characteristics and obvious advantages of socialism, and that under socialist condition, it was entirely possible to formulate a most rational plan, which would insure the most effective utilization of resources since the planning institution had a very clear picture of the conditions of social demand, technology and resources, while all resources were under society's control, and the fastest and best socialist economic development would certainly be insured with resource allocated according to the plan. However, the practice of socialist construction evidenced that things were not that simple as originally thought. In actual economic operation, the planned economy which allocates resources with a prearranged plan and administrative means has at least two unsurmountable problems:

First, the problem of information. The formulation of a plan, which reflects objective facts correctly and accurately, primarily calls for promptly mastering sufficient information. However, the conditions and production technologies demanded are very complicated in modern economy in addition to swift changes. We are living in an age of information explosion, even the most advanced information technology and computer technology are incapable of promptly mastering such great volume of information to make accurate calculation and formulate a practical plan. And,

Second, the problem of interests. The prerequisite for resource allocation is that there is only a sole subjective aspect of interest, and contradiction of different interests is absent. Such a supposition is unrealistic in the stage of socialism at least. At the present stage every individual and unit has his/its partial interest, even our planned economic institute, as the focal representative of the interests of the whole society has its own interests, too. Contradiction in interests between the part and society as a whole exists in every step from providing information, to formulation of a plan, its relay and implementation. This being the case, distortion and deviation may surface in every link in providing information, formulation of the plan, and its relay and implementation

because of the contradiction in interests between the part and the whole. That being the case, resource allocation based on a prearranged plan with administrative order will never be efficient.

To prevent from distortion and deviation in formulating a plan and in the course of its implementation, the requirement of the planned economy set on units implementing the plan is rigid control rather than invigorating the economy. Wherever a loophole surfaces, the state would try to keep it under control of the plan. However, the result would either be failure to do so or rigid control, whereas it was impossible to give play to the enthusiasm and creativity of enterprises and workers. Consequently, improvement of work efficiency was slow under the old structure of the planned economy.

In short, it was impossible to improve the static or dynamic efficiency of resource allocation; here lies the basic shortcoming of resource allocation based on planning, and the heart of the matter. Therefore, to find a fundamental solution, it is necessary to refrain from the method of stopping water from boiling by scooping it up and pouring it back, but to withdraw the fire, and radically change the way of resource allocation of the planned economy. This being the case, the CPC arrived at a common understanding in 1984—reform's goal should be building the socialist commodity economy. This common understanding found expression in "China's Economic Structure Reform—Decision of the CPC Central Committee" at the Third Plenary Session of the 12th Central Committee. The "Decision" analyzes the basic shortcoming of the old system, namely its rejection of the market's role and the commodity-currency relationship, whereas the economy our reform calls for is called the socialist commodity economy or planned commodity economy based on public ownership. The contents in the "planned commodity economy" set out at that time and the basic contents in the socialist market economy set out today coincide with each other. The "Decision" indicates that our reform is precisely to radically change the rigid structure that binds the productive forces, and to build a new structure. The main points in the reform of building the new structure are: 1) Increasing the enterprise's vitality is the key link of economic restructuring, and state enterprises should be changed into independent commodity managers, operating on their own, assuming sole responsibility for profits and losses; and 2) price reform is the crux to the success or failure to the entire economic restructuring; it is necessary to change the past rigid planned price system, and make prices flexibly reflect the market supply-and-demand condition. In addition, the "Decision" indicates that the plan in the planned commodity economy is to be sketchy and flexible, and not to be implemented by the state's direct operation of enterprises. This theory has broken through the traditional concept that believes the socialist economy can only take planning as the basic means for resource allocation, and provided new theoretical guidance for comprehensive economic restructuring. This being the case, Comrade

Deng Xiaoping highly assessed this "decision" of the Central Committee and indicated that the "Decision" is new Marxist political economics of Marxism.

When inflation occurred in 1988, the government adopted a series of measures in turn to augment planned economic control, such as revoking enterprises' administrative powers and their say in allocating goods and equipment as well as investment. However, all those measures failed. One of the causes was that workers and enterprises, and even local governments, who had obtained interests in reform over the years were unwilling to retrogress, while resisting such practices as revoking powers. More importantly, China's economy had gone quite far on the way to the market-oriented reform and it was impossible to retrogress on the way to the structure with the planned economy as the main body. We have formed a very clear picture from the reality of the economic development; the more powers revoked, the tighter the grip over state-owned enterprises and the less vitality enterprises would display and the poorer the economic returns. The vigorous growth of market-oriented nonstate-owned enterprises has formed a sharp contrast to state-owned enterprises which, under the government's rigid control, suffer from aging equipment, low efficiency, and economic difficulties. Facts show that retrogression in the planned economy would cause an impasse.

This accounts for the masses' warm response to Comrade Deng Xiaoping's important talks made during his southern inspection tour early this year as well as the rapid shaping into an upsurge of accelerating reform and opening up. Comrade Deng Xiaoping explicitly pointed out: The planned economy does not equate only with socialism, for there is also planning in capitalism. This helped the 14th national congress establish a target for China's economic restructuring with a clear orientation. The practice of socialist construction, especially the successful experiences of China's 14-year reform and opening, show that replacing the planned economic structure with the market economic structure is the inevitable choice of history.

III. Several Issues Which Must be Clarified on Building Socialist Market Economic Structure

With the goal of China's economic restructuring set to be the socialist market economy, many confused issues have been clarified.

First, how should we view the effectiveness of the planned economy when it was first implemented in some countries? The planned economy is not useless. The marked advantage of such a method of resource allocation is that resources can be mobilized by means of administrative order and put into departments where the state has called for their development. Under certain circumstances, for example in wartime, it had rather great advantages; its advantages were also keenly felt in the early stage of industrialization when several key

departments needed to be developed. However, its weakness was its lack of efficiency. The structure was effective when idle resources could increase growth rate by means of external extension on the strength of increasing input; but the structure's shortcomings were revealed when there was a need to improve the efficiency in utilizing resources, namely, when intensive growth was the key. This being the case, when shortages in labor and resources took place in the USSR and East European countries in the early 1960's, the gap between those countries implementing the planned economy and capitalist countries became increasingly wider. Furthermore, such a structure was preconditioned by a unitary subjective aspect of interest. In wartime, people thought only of the nation's life and death and not partial interests; the structure's efficiency was rather high under such circumstances but, in peacetime construction, the shortcomings of this structure made themselves keenly felt.

Second, why have we always been caught in the malign cycle of "lifting of restrictions leads to chaos, chaos leads to retrenchment, an retrenchment leads to economic stagnation?" The key lies in our failure to see this structure's basic problem, namely, its method of resource allocation did not comply with the requirements of the objective economic development. We saw only the phenomenon of "excessive and rigid control." There could be only one center when resources were allocated by administrative organs according to prearranged planning. If such method of resource allocation be maintained along with decentralization of power, the consequence could only be confusion. When resources were allocated by social representatives, the effectiveness of such a method of resource allocation could be insured only by centralization. Should all the 30 provinces, autonomous regions, and some 2,000 counties participate in resource allocation, there would be many centers; when each center acted in the way which they believed to be most rational, the consequence can only be economic confusion. To overcome such negative phenomena as low economic efficiency, too rigid control, and lack of enthusiasm, it is imperative to radically change the planned economic structure. As of today, there are only two methods of resource allocation in human society: The planned economy and the market economy, with no other alternative. This being the case, the target pattern of economic restructuring must be the socialist market economy. To allocate resources by applying to the market, the key lies in the market system. According to new classical economics, the market system is precisely the price system. In the market economy, a large number of commodity managers compete with each other in the market and market price is formed through competition; the price of each item or product is determined by the supply and demand condition. The price determined by supply and demand is precisely the balanced price, which rather accurately reflects the degree of shortage in certain resources as well as social assessment in the value of such resources. This market signal will insure participants in economic activities make decisions in accordance with social demands and also insure the best

allocation of social resources. Manpower and material resources may flow from long-supply departments to short-supply ones according to the law of value and be more effectively utilized. Regarding specific enterprises, through the market operational mechanism, limited social resources may flow to enterprises which enjoy high economic returns and their vitality will always be maintained.

Third, the market economy calls for thousands of independent enterprises taking the initiative into their own hands and assuming sole responsibility for profits and losses. Will this change the nature of socialist public ownership? In the market economy, when there are only market signals but a lack of independent enterprises flexibly reacting to such signals, the market economic mechanism will not operate efficiently. Just like normal traffic lights on the street, if the driver is drunk, he will not react to the signal. Enterprises in the market economy are all independent, taking the initiative into their own hands and assuming sole responsibility for profits and losses. What they pursue is the greatest profit and, this being the case, they have to decide what the enterprise will turn out and what the volume will be according to the market signals. As to the anxiety that enterprises being independent, taking the initiative into their own hands and assuming sole responsibility for profits and losses, will change the nature of ownership, that is a misunderstanding. Just as Comrade Jiang Zemin pointed out in the 14th national congress report: "The socialist market economy is linked to the basic socialist system. In the structure of ownership, public ownership, including the economy of ownership by all people, and the economy of collective ownership is the main body; the individual economy, private sector economy, and foreign-funded economy are supplementary. Together, the multiple economic factors will develop for a long period and different economic factors can implement joint operations in various ways on a voluntary basis. State-owned, collective, and other enterprises will all enter the market and the leading role of state-owned enterprises will be given play through competition on an equal basis." The state "will employ various kinds of regulatory means, including the market, to encourage the advanced, improve efficiency, and rationally widen income differences while preventing polarization to gradually realize common prosperity."

Fourth, some comrades said that they had no objection to advancing along the way of resource allocation of the market economy but why should the formulation of "the socialist commodity economy" set out in the Third Plenary Session of the 12th Central Committee be altered? Although the masses have gotten used to the formulation of "commodity economy," which has the advantage of being easily accepted, it also has shortcomings, mainly in that the definition is not quite scientific and strict. "Commodity economy" and "market economy" are definitions of the same type of economic structure from different angles. "The commodity economy" describes this economic structure from its external

characteristics (namely, the external expression that products do not enter consumption through exchanges); whereas "the market economy" defines the economic structure from the angle of the method of resource allocation (namely, the market as the basic means of resource allocation). As the method of resource allocation is the most essential content in the economic structure, we have now adopted the formulation of "the market economy," a more scientific concept. The adoption of this concept will avoid the misunderstanding that so long as all labor products can be bought and sold, the reform's target is fulfilled and insure reform to progress along a correct track.

Fifth, does the market economy itself have shortcomings? If so, how should it be mended? The market as a means of resource allocation is not, of course, omnipotent and perfect. Its shortcomings are chiefly as follows: 1) As market regulation is conducted afterward, it is liable to cause fluctuation, especially with things that involve a long production period—from the sending out of signals to changing decisionmaking and yielding results—consequently, a gap between production and demand is liable to surface with periodic fluctuations just like the conversion from "difficulties in buying hogs to difficulties in selling them" in agricultural production. It will be rather difficult for the market itself to find a solution to such problems, hence the need of planning guidance. 2) The market economy requires stability of the general price level, which depends on the balance of the general volume of currency demanded and the general volume of supply. The general volume of currency demanded is not determined by the market itself, for the volume of currency issued by the bank is under the control of the authorities in charge of currency. 3) The consequences of some economic behavior do not have anything to do with the market economy itself but find expression outside it. In other words, it has so-called "external qualities"; for example, some enterprises have made profits in production but caused pollution. Such external negative effects as pollution are quite beyond the market and should be dealt with by society. 4) The responsibility for some trades with mainly external effects, such as defense, the judicature, and basic education, which in economics are called the supply of "things to be shared," should go to the government but not the market. and 5) The market cannot realize the goal of socialist fairness if it plays its role spontaneously. The realization of social fairness should be insured through the state's own financial policy and social welfare policy. Therefore, all those areas where the market does not work call for the government's macroscopic control and they are usually important components in modern market economy. As pointed out in the 14th national congress report: "The socialist market economic structure we want to build is precisely to make the market play a basic role in resource allocation under the macroscopic tuning of the socialist state, so that economic activities can observe the requirements of the law of value and adapt to changes in the demand and supply relationship; resources will be allocated to the links with

better economic returns through the price lever and function of the competition mechanism, while giving pressure and impetus to enterprises to realize survival of the fittest; and the market's advantage of rather flexible reaction to various economic signals will be utilized to promote the prompt coordination between production and demand. At the same time, it is necessary to see the market's own weaknesses and negative aspects and the state's macroscopic regulation and control over the economy must be strengthened. We should develop a national unified market on a large scale, further expand the market's role, and do a good job of applying economic policies, laws and decrees, planning guidance, and necessary administrative control to guide the healthy development of the market.... In macroscopic regulation and control, our socialist country can link the people's immediate interests to their long-term interests, and partial interests to interests of the whole and give better play to the advantages of both means of production, planning, and the market."

Economic & Agricultural

Ministry Official on Recovery of GATT Seat

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[Text] Beijing, 15 Nov (ZHONGGUO TONGXUN SHE)—Wang Yi, an official from the International Department of the Chinese Ministry of Foreign Economic Relations and Trade, pointed out: The legal implications of China's demand for "recovery" are as follows: China will recover its legitimate position as a signatory to the GATT and will also conduct substantive renegotiations on its recovery conditions with regard to its rights and obligations within the GATT.

Wang Yi added: The Chinese Government will sign a recovery agreement on the basis of some substantive negotiations concerning tariff reductions and exemptions. The agreement is to stipulate both the rights enjoyed and the obligations undertaken by the PRC within the GATT. On the day the agreement, which is a legal document, goes into effect, China will officially recover its status as a GATT signatory. The recovery agreement will be a nonretroactive document.

Wang Yi noted that the so called "recovery" embodies the following two principles:

1. China is a founding signatory of the GATT.

On 1 April 1948, the then representative of China signed the "Agreement for Interim Application." One month later, China became a founding signatory to the GATT. Since 1 October 1949, the PRC Government has been the sole legitimate government of China. According to international law, the replacement of the Kuomintang government by the people's government was nothing but the replacement of one government by another and was

not the replacement of one country by another. Therefore, China's international character and China's status as a founding signatory to the GATT have thus remained unchanged. The current issue is absolutely not one of China "joining" the GATT, but one of China "recovering" its GATT seat. The "withdrawal" of the Taiwan authorities from the GATT in 1950 was illegal and invalid. There is now no such question as China "rejoining" the GATT.

2. The principle of nonretroactivity. For historical reasons, China has suspended its GATT activities as a founding signatory over the past 30 years or more. Now that drastic changes have taken place within both China and the GATT, should both sides make any attempt to review and clarify their past rights and obligations, a host of complex legal issues and realistic problems will certainly arise. However, if the principle of nonretroactivity is applied, China and other signatories (parties) will certainly benefit.

Wang Yi expounded his above views in an article entitled "Certain Issues Concerning China's Recovery of Its GATT Seat." The article was carried in a book entitled "Returning to the GATT—the Chinese People's Opportunities, Risks, and Countermeasures," which has recently been published by the "JINJI RIBAO" Publishing House. The 240,000-character book "Returning to the GATT" contains six chapters, comprising: A Brief Account of the GATT; A Review of China's Application for Recovering Its Status as a GATT Founding Signatory; The Tortuous Uruguay Round of Talks; The Advantages, Disadvantages, and Countermeasures Pertaining to China's Return to the GATT; How Enterprises Should Prepare Themselves for Joining the GATT; The Original Documents and Annexes of the GATT. The book answers in relative detail all types of questions raised by mainland readers with regard to the issue. When it was first published in September this year, the book was quickly sold out, so that some 11,000 more copies of the book were again printed and put onto the market in November.

Article Discusses Benefits of Reentry to GATT

HK2711062192 Beijing RENMIN RIBAO in Chinese
23 Nov 92 p 5

[Article by Ge Qisi (5514 7871 1835): "Conducting Business in Accordance With International Rules and Regulations in Foreign Economic and Trade Endeavors—On Restoring China's Signatory Status at the General Agreement on Trade and Tariffs"]

[Text] It has been 21 years since China resumed its legitimate seat at the United Nations in 1971. However, China, one of the five permanent members of the UN Security Council, has to this day remained outside the GATT—the global trade and economic organization boasting 105 signatory states. This is a sobering fact because it is inconsistent with the PRC's international status. Furthermore, China's comprehensive national

strength and external economic and trade endeavors have grown tremendously after 14 years of implementing a policy of reform and opening up. According to the 1991 estimates of total export values, China is now the 13th leading trading nation in the world, thereby occupying a decisive position. Lack of membership in the GATT, the world's most influential economic and trade organization, has prevented China from playing an increasingly more important role in the world and regional economies. As such, the question of restoring China's signatory status in GATT as soon as possible has been brought up as an important item in China's external relations and has attracted widespread attention from top to bottom around the country. A strong "GATT mania" has even taken shape since the start of this year.

This "GATT mania" reflects the importance attached by people to China's economic and trade status in the international community in view of adherence to economic construction as center, the four cardinal principles, and the basic line of reform and opening up; at the same time, it illustrates the people's enthusiasm and expectations for establishment of a socialist market economy in the face of the opportunities and challenges resulting from the restoration of China's GATT status. No doubt, this is of great positive significance. However, because the GATT is a complete body of multilateral trade regulations which has undergone more than 40 years of evolution and growth, it has turned into a complex system which brings together the world's economic and trade regulations. Hence, everyone has his or her own understanding and opinion regarding this body of science called "GATT science" or the question of restoring China's signatory status in GATT. Several of these views will inevitably contain deviations which could lead to mistakes in economic decision making, structural reform, and market orientation. This article will attempt to discuss the question of restoring China's GATT status by proceeding from the reality of reform and opening up in China's external economic relations and trade in the hope that this will help everyone acquire a more comprehensive and accurate understanding of this problem.

1. GATT Constitutes a System of International Economic and Trade Regulations as Well as Serves as a Venue for Multilateral Economic and Trade Negotiations and Settlement of Disputes

GATT's objective is to promote fair international free trade in order to promote global economic growth. GATT maintains that to achieve fair and free trade, all countries should implement a market economic system and carry out production according to the "comparative advantages" of their means of production, and they should determine prices according to the supply and demand in the world market and then engage in free competition. This is the basis for GATT's smooth operation as a mechanism for standardizing and readjusting global trade.

The GATT document is comprised of four parts and 38 articles, making it a multilateral structure which super-vises today's international trade regulations. The basic principles dictating the GATT are as follows:

(1) The principle of non-discriminatory most favored nation treatment. This is the cornerstone of the entire system of GATT's rules and regulations. GATT maintains that to achieve fairness and rapid conversion of bilateral agreements into multilateral agreements, all signatory states should accord most favored nation treatment to all unconditionally, that is, tariff and nontariff trading conditions accorded by one signatory state to another signatory state should apply automatically to all signatory states. This article is important to developing countries. Because of their weak economic and trading powers, developing countries are often at a disadvantage in bilateral economic and trade negotiations and can not easily win preferential trading conditions. But most favored nation treatment granted under a multilateral framework will enable small and poor countries to acquire automatically the preferential conditions agreed upon by big nations in their talks. The view that GATT only benefits rich and big countries is therefore without basis.

(2) Principle of tariff protection. GATT does not prohibit the protection of domestic industries, but stipulates that tariffs should serve as the principal means of protection. The purpose of this principle is to give maximum transparency to the degree of protection, which, in turn, will facilitate comparison of the different levels of protection in different countries and serve as a visible yardstick in tariff reduction talks, thus ensuring the fairness of trading conditions in all countries.

(3) The principle of prohibiting import quota restrictions under normal circumstances. GATT maintains that the use of administrative means like quotas and licences to control the amount, source, and destination of imports is detrimental to fair competition, and easily gives rise to discriminatory treatment, hence it should be prohibited in principle. However, GATT also points out that when total elimination of quota restrictions cannot be achieved immediately, quotas, licences, and other such means may be applied, but application should be confined by relevant rules and regulations. Quotas should not be determined according to countries and regions, rather global quotas should be implemented in principle; if country quotas are implemented, they should be discussed and decided by the importing and exporting countries. GATT lays down very detailed provisions on the conditions, scope, and methods related to the implementation of quota restrictions. These are the so-called "exceptional clauses."

(4) The principle of "exemptions" under special circumstances. GATT recognizes that owing to the special conditions in a country's economic and trade environment, a signatory state may seek certain voluntary "exemptions." When a domestic industry suffers from serious damage due to drastic increases in certain

imports, the signatory state may impose import restrictions or suspend tariff reductions (that is, a temporary tariff increase). This is the "guarantee" clause of GATT. GATT does offer a fair amount of protection to developing countries in this aspect.

According to the aforementioned principles, GATT primarily performs three functions in order to realize its objective of promoting global free trade: (1) Drawing up a complete set of rules and regulations governing the trade conduct of a government and turning rules and regulations into international standards observed by all; (2) organizing multilateral negotiations to bring down tariffs and gradually reduce and eventually eliminate "nontariff barriers" including licences and quotas; (3) settling international trade disputes and acting as a "court" for international economic issues.

GATT's special feature is its binding character which provides that a signatory enjoys rights and privileges and, at the same time, has to assume corresponding international obligations. Hence, GATT members are not called "members" but "signatories."

The history of GATT since its creation more than 40 years ago shows that it has played an active role in expanding world trade and promoting global economic growth. Following seven rounds of multilateral talks organized by GATT, the overall level of the world's weighted average tariffs fell from 40 percent 40 years ago to the current four to five percent for industrial states, and 13 to 15 percent for developing countries. All kinds of nontariff barriers were also subjected to very big restrictions. These talks have forcefully advanced the process of global trade liberalization. Furthermore, the status of GATT in the international economic system has also been boosted tremendously. Through the ongoing Uruguay round of talks, GATT activities in trade has expanded from pure cargo trade to the domain of service trade covering tourism, aviation, marine transport, banking, insurance, and other sectors; in economic activities, it has expanded from international trade to new domains in intellectual property rights, investment measures, and financial and monetary issues, making it a comprehensive international economic and trade system with the most extensive scope. This system has turned into universally recognized international economic and trade regulations, and GATT, which is responsible for the formulation and implementation of this set of rules and regulations, joins the International Monetary Fund and the World Bank to form the three big pillars of the international multilateral economic system today.

2. Restoration of China's GATT Status Is Consistent With Demands To Develop China's Economy Through Reform and Opening Up, While Reform and Opening Up as Well as China's Economic and Trade Development Have Laid Down Conditions for Restoration of China's GATT Status

After resuming its legitimate seat at the UN in 1971, China rejoined practically all international organizations under the UN system, except GATT. This may be

attributed to complicated historical reasons. On one hand, we still had to go through a process of understanding GATT at that time. Because the spirit of free trade as illustrated by GATT is founded on the market economy, this was obviously incompatible with the ideology and economic system of China in the 1970's. More importantly, China's external economic relations at that time, including its foreign trade, played a very small role in development of the entire national economy, and its position in world trade was even more insignificant. The total volume of China's imports and exports in 1971 came to a \$4.8 billion, mere small change when compared to China's export-import volume of \$135.7 billion last year. Therefore, China's participation was not important either to us or to GATT, and was hardly a pressing issue. Moreover, as China at that time simplistically looked upon GATT as a "rich man's club," efforts to restore the country's signatory status were therefore set aside for years.

Since 1978, China's endeavors in foreign economic relations and trade developed rapidly while their position in the national economy also grew increasingly more important, thanks to the introduction of reform and opening up. If China's foreign economic relations and trade was considered primarily as a means to earn foreign exchange in the days before the implementation of reform and opening up, today it has become an important and indispensable component part of China's national economy. China's exports in 1991 totalled \$71.9 billion or 20 percent of its gross national income. While we cannot simplistically use this percentage to compare with those of other developed countries (because for developed countries, GNP used as denominator in the calculation includes a very sizable tertiary industry, an industry which remains insignificant in China), the proportion does indeed illustrate the importance of foreign economic relations and trade in China's national economy. For certain industries like textiles, the export volume in 1991 accounted for 31.4 percent of the total output value of products for that year. This means that the loss of foreign markets would have a serious impact on some industries in China. An inseparable tie between China's economy and that of the world has been established. On the other hand, the current world economic pattern is undergoing a profound revolution where mutual infiltration, interdependence, and coordination among the economies of different countries are increasingly deeper and it is very difficult for one country to prosper on its own by detaching itself from the world economic system. It is not easy for a country to speed up its economic growth by relying on its own resources, technology, and markets. It is necessary to rely on the markets and resources both at home and abroad in order to acquire greater room for maneuver. The participation of the Chinese economy in the big world economic cycle has become an objective demand of history as well as a trend of the times.

The Chinese economy's comprehensive and profound participation in the world economic operation process has

presented us with an important subject, that is: to conduct our foreign economic relations and trade in line with international rules and regulations. This may be likened to our participation in the International Olympic Games where competitions should follow the rules of the Olympic Games. In this sense, the restoration of China's membership in GATT marks the beginning of its broad participation in the international economy and its comprehensive as well as systematic conduct of affairs according to international rules and regulations. Only by conducting our business according to international rules and regulations can we abide more satisfactorily by objective economic laws, adapt to the changes in the international market, establish an excellent international reputation, and promote China's foreign economic relations and trade undertakings; only by acting according to international rules and regulations can we then demand other countries to do likewise toward us and thus safeguard China's legitimate economic and trade interests and rights. In our recent negotiations with a big trading nation, we insisted that GATT's rules and regulations serve as the standard and thus turned this universally recognized set of rules and regulations into a powerful weapon for us to resist the pressures of a big power and establish a fair international trade relations.

However, to act genuinely according to international rules and regulations in foreign economic relations and trade, it is necessary to reform the domestic economic structures which do not comply with objective economic laws because the foreign economic and trade policies of a country are, after all, extensions of its domestic economic system. The reason we were able smoothly to pass the review of China's economic and trade systems by GATT in recent negotiations over the restoration of China's signatory status may be attributed primarily to the very big changes in China's economic and trade systems following more than a decade of reform and their gradual approach to the demands of GATT. The goal of establishing a socialist economic market system as advanced at the 14th Party Congress elicited strong reactions at the just-concluded meeting of GATT's China work team. Many signatory states maintained that China's economic system has made a crucial stride toward the international standards of GATT. It is these important changes in China's economic system which enabled China's closed or semi-close economy to transform gradually into an open economy actively taking part in international exchanges and cooperation, and made it necessary as well as possible for China to conduct its affairs and manage its foreign economic relations and trade according to international rules and regulations.

As part of China's economic structural reform, China's foreign trade system also underwent a major reform in the past few years. The objective of the reform was to make this system comply with international standards as much as possible. So far, we have delegated powers on foreign trade management, abolished export subsidies for foreign trade enterprises, created opportunities for

fair competition, converted foreign trade enterprises into independent economic entities and pushed them into the international market. At the same time, we also abolished import regulatory taxes, unilaterally lowered tariffs for certain products, eliminated a considerable large number of import licenses, and are presently intensifying reform of the import structure—the core of the reform of the foreign economic and trade system. After years of endeavors, China's foreign trade system is advancing in the direction of stronger macroeconomic regulation, less administrative intervention, and more application of economic means like tariffs, exchange rates, and credits, a move which will eventually make China's foreign trade system comply with international rules and practices represented by GATT. This is basically consistent with the objectives in the reform of China's economic system and foreign trade system.

It is therefore clear that economic structural reform, particularly reform of the foreign trade system, has laid down the fundamental conditions for the restoration of China's signatory status in GATT. As negotiations on the restoration of the status are proceeding smoothly at present, it is a matter of time before China's rejoins the GATT.

3. Act According to International Rules and Regulations, Strive for a Balance in Rights and Obligations in the Process of Regaining China's Signatory Status

On the issue of restoring China's signatory status in GATT, the question of "pros and cons" was the most frequently discussed topic. In any undertaking, it is necessary to strike a balance between rights and obligations, but joining an international organization is obviously not the same as signing a commercial contract. It is quite natural for a sovereign state accounting for one-fifth of the world's population, a big economic and trading power, to decide to join the world's biggest economic and trade organization, an organization made up of most of the countries of the world and two-thirds of whose members are developing countries. If there is to be a genuine "balance in rights and obligations," then it can be stated positively that restoration of China's GATT status as soon as possible will bring more benefits than disadvantages. GATT can play a positive role in the following: establishment of a stable and fair international trading environment which will expand China's export market; promotion of China's economic and trade structural reform which will boost the competitiveness of Chinese enterprises in the world market; influences of multilateral systems may be used to deal with bilateral trade frictions; participation in the formulation of international economic and trade regulations, and acquisition of vast amounts of economic and trade information. Hence, the question now is not whether or not China should regain its GATT status, but how it can achieve a balance in rights and obligations within GATT once it has rejoined it.

Since the PRC's birth, a very important principle which we follow in diplomatic exchanges over the years is equality and mutual benefit. Mutual benefit is the starting point of international economic exchanges as well as the driving force for the smooth operation of international economic cooperation over long periods. Equality is the basis of international cooperation, and equal standards means that all countries, big or small, strong or weak, rich or poor, have to act according to international rules and regulations.

On the question of restoring China's signatory status in GATT, Chinese leaders have repeatedly pointed out: Our government is ready to assume obligations stipulated by GATT and, at the same time, to enjoy corresponding rights and privileges. The basic guiding ideology behind our efforts to regain GATT status is the equilibrium of rights and obligations.

To achieve a balance in rights and obligations, it is necessary not only for China to conduct its business according to international rules and regulations, but for all signatory states to do the same in handling economic and trade relations with China. Hence, the right we seek from GATT is for all signatory states to abolish all unjust treatment of China in the economic and trade domains and to treat China fairly according to the rules and regulations of GATT.

The core of GATT is the most favored nation treatment clause. This clause is of special importance to China. At present, China has already signed bilateral agreements with several countries where the most favored nation treatment is granted on a reciprocal basis. Actually, the most favored nation treatment does not provide any "preferences" or "special favors," but simply ensures equal, nondiscriminatory treatment. However, a certain big trading nation has for years mobilized its forces annually in search of all kinds of excuses to cause China problems on the question of most favored nation treatment. Hence, this kind of reciprocal most favored nation treatment is easily affected by the international climate and bilateral political relations, and as such, is extremely unstable. Once China regains its GATT status, the most important right it should strive for is an unconditional, multilateral most favored nation treatment. We hope that all signatory states will observe this most basic obligation of GATT. If a country declares verbally its "resolute support" for the restoration of China's membership in GATT but fails to grant unconditional, multilateral most favored nation treatment to China once the latter has regained its status, then China, in line with the relevant articles of GATT, will ask all signatories to conduct an annual review on why this big trading nation fails to carry out this most important GATT regulation. This will certainly isolate this big trading nation within the multilateral trade system. In short, the principle of unconditional, multilateral most favored nation treatment will enable our foreign trade to acquire a stable and healthy international environment under the protection

of the GATT multilateral trade system. This environment is of utmost importance to the development of any country's foreign economic relations and trade.

Another important principle of GATT is the abolition of discriminatory trade measures like import quota restrictions. At present, even though China has signed bilateral trade agreements with many developed countries, China's exports are still the subject of all kinds of discriminatory trade measures and are confronted by all kinds of discriminatory quota restrictions, selective protectionist measures, as well as anti-dumping and anti-subsidy measures founded on discriminatory standards. These measures are contrary to international rules and regulations of GATT and prevent China from securing a bigger and more stable international market. After regaining its GATT status, China will ask all signatory states to abolish such discriminatory trade measures against Chinese commodities according to GATT principles. Even if they are not abolished immediately, a clear timetable for their abolition should be outlined. Over the past years, China has actively participated in the Uruguay round of talks organized by GATT. The principal concrete objective of this round of talks is to lower the original level of tariffs in all countries by one-third, and further limit or reduce the scope of commodities covered by non-tariff measures. At present, because of U.S.-EC differences on the question of farm products, the Uruguay round of talks has yet to be concluded, but after years of negotiations, major progress has been achieved in many domains. For instance, all signatory states have reached an initial agreement on the question of textile products, with the developed importing countries promising to gradually abolish all textile quota restrictions in the next 10 years. An agreement from the Uruguay round of talks will to a very large extent check the trend toward bilateral agreements as well as protectionism of big trading nations and contribute to the liberalization of world trade. After regaining its GATT membership, China will join other signatory states in enjoying tariff and nontariff benefits gained from the Uruguay round of talks and the previous seven rounds of talks, and it will be free of all kinds of unfair discriminatory treatment that it has suffered for years, while at the same time, more of its products will be able to enter the international market. The key to the development of foreign trade lies in opening markets and expanding exports.

In seeking to regain our GATT membership, we should strive for a third right, that is, the status of a developing country. GATT regulations provide for some special clauses for developing countries, the most important of which is the right to protect newborn industries. When certain newborn industries in developing countries come under the onslaught of foreign products, countries may protect their local industries by adopting measures like imposing import quota restrictions and raising tariffs in line with relevant GATT regulations.

Here we would like to speak in particular on the question of protecting national industries.

At present, some people are very concerned about the possible blow that will be dealt to certain industries once China rejoins GATT. Such sentiment is understandable, but it also suffers from a lack of comprehensive understanding and may be described as a misunderstanding of GATT's international rules and regulations. GATT does not prohibit the protection of domestic industries, but the key lies in transparency of such protection and in the use of tariffs as the principal means of protection.

After regaining its signatory status in GATT, China will lower its tariffs fairly drastically. But once the tariffs are lowered, as long as we structure the taxation rates appropriately, strengthen further the scientific management of customs, and deal severely with smuggling activities, there will be no serious effect to China's industries. After regaining GATT status, we will also gradually cut down on non-tariff measures like quotas and licences. It should be stressed here that "gradual reduction" does not mean "complete abolition." We can abide fully by the relevant procedures defined by GATT in applying non-tariff measures which comply with international customs and practices.

In short, the formulation of one's own tariff and taxation system and preservation of necessary non-tariff measures in line with one's national economic development strategy and industrial policies is an illustration of a country's economic sovereignty. In drawing up China's tariff and non-tariff system, we should not only consider the requirements of GATT, but should also take into account the history and current state of development of China's various industrial departments so that tariff levels will be compatible with the economic level of China as a developing country. In the process of regaining our GATT status, we will follow international practices and regulations, and make tariffs and other GATT-approved non-tariff measures effective means in implementing the state's industrial and foreign trade policies as well as in protecting China's national industries. The view that China's "national gates will be wide open" and that China will "be flooded with foreign goods" once it regains its GATT status is a misconception. The viewpoint which pits, on the one hand, the conduct of foreign economic relations and trade in line with international rules and regulations against the safeguard of a state's political and economic sovereignty on the other hand, is without basis. More than 70 developing countries have joined GATT since its inception and none of them has given up their economic sovereignty because of entry into GATT, nor have their national industries gone bankrupt because of this. Compared with those developing countries with even poorer foundations and a later start, China has been engaged in more than 40 years of construction and 14 years of reform and opening up. So we should welcome with full confidence the challenges brought about by entry into GATT.

Naturally, after regaining GATT status, China will lower tariffs and reduce protective non-tariff measures. It will have to be more selective in the protection of domestic products and will also have to set a deadline for the

period of protection. Given this situation, certain more backward enterprises and industries in China will encounter varying degrees of onslaught. In the face of such onslaught, do we continue with passive protection or do we adopt active measures to open to the outside world boldly and gradually push these products to the market?

Practical experience from the past 14 years have fully demonstrated that for regions which carried out opening to the outside world effectively and gave full play to the role of the market, their products are able to enter international markets and they are also able to promote their own economic growth vigorously. Before the introduction of reform and opening up, the industrial foundation of Guangdong Province was fairly weak when compared to the rest of the country. But because of continuing expansion of its opening up to the outside world and active participation in the world economy in the past few years, the total volume of imports and exports in Guangdong Province leaped from \$1.59 billion in 1978 to \$22.2 billion in 1991, an average increase of 22 percent annually in 13 years. The proportion of the total import-export volume in the total output value for industry and agriculture also rose from 8 percent to 38 percent. In opening up to the outside world, not only did the industry of Guangdong Province not collapse, but a third of its industrial commodities were able to enter the international market. In these last few years, China was able to increase the variety of its commodities as well as upgrade their quality, with certain previously imported commodities now turned into principal export commodities. The export of machinery and electronic products in 1985 amounted to a mere \$1.68 billion but exceeded \$11 billion last year. In the early 1980's, foreign-made television sets flooded the Chinese market, but because of bold importation in recent years, China now supplies its own television market and even enjoys a surplus in production, with exports accounting for 24.3 percent of domestic production. It was only in the late 1970's that we first saw home video recorders and hifi sets, but today, China has become a leading exporter of these commodities. Are these not the fruits of the opening up to the outside world? This point has also been proven in various international experiences. We not only see cases of how opening up has led to prosperity in a country, but we also see the lessons of how self-isolation causes a country to lag behind and even disintegrate. And we have yet to find an instance where opening up actually led to a country falling behind.

Furthermore, we should see that the main reason that foreign products are able to deal a blow to certain industries in China is due to the fairly wide gap separating these industries from their advanced counterparts overseas in terms of technological level, management level, labor productivity, and operational mechanism of enterprises. To protect China's national industries in a fundamental way, it is necessary to speed up the pace of reform in line with the spirit of the 14th party congress and revolving around the establishment of a socialist

market economic system, change the operational mechanism of enterprises, adopt all kinds of measures including Sino-foreign joint equity ventures, accelerate technological upgrading, bolster management of enterprises, and enhance economic efficiency so that product costs and quality will approach, catch up or surpass the advanced international levels, and so that China's industries will genuinely acquire international competitiveness. Even if China does not regain its GATT status, these enterprises will most likely be eliminated in fierce competition under the market economy implemented in China if the international competitiveness of their products is not boosted in a fundamental way.

In seeking to regain China's GATT status, the obligations we have to assume is to reform our economic and foreign trade systems according to GATT regulations so they will gradually comply with international standards. The establishment of a socialist market economic system as proposed by the 14th party congress has laid down the best condition for China to move closer to the rules and regulations governing international economic relations and trade and for it to assume comprehensively the various obligations stipulated by GATT. In the past, China's foreign trade management system was built on the basis of a product economy as well as a unitary planned economy, its core being chiefly administrative intervention. The export structure has undergone tremendous reform over the past years and has generally complied with the requirements of GATT. But certain problems in import management have still to be reformed so that an import regulatory system which is consistent with China's national conditions as well as with the demands of GATT can be established.

In negotiations regarding restoration of China's GATT status, we have repeatedly stated China's commitment to the reform of its trade system. These promises are mainly the following: The establishment of a foreign trade management system with tariffs as the principal means and the gradual lowering of general tariff levels to one compatible with developing countries, gradual reduction of the scope of licences and quotas and expansion of market access; strengthening of the transparency and uniformity of the foreign trade management system, formulation of laws and regulations like the "foreign trade law" and "antidumping law" as soon as possible, management of imports and exports according to the law, expansion of foreign trade, and protection of newborn industries. These promises also involve a further reform of China's economic and trade systems. It should be noted that this kind of reform is not a "concession," and that it is the international obligation of any country which is opening to the outside world to see to it that its foreign trade and foreign economic systems comply with international standards. This will not only not hurt the country's interests, but will enable this country to boost its international competitiveness as well as join the international economy more quickly and more extensively, thus strengthening and developing itself in great international exchanges. Furthermore, reform measures

adopted during talks on the restoration of China's GATT status will form part of China's international obligations and standardize as well as systematize reforms. This is of far-reaching significance in ensuring the stability and scientific nature of the reform of our foreign economic and trade systems.

In short, the restoration of China's signatory status in GATT will not bring an overnight economic miracle to China nor will it cause a catastrophe to its economic development. It is an important political and diplomatic move in the final realization of China's strategic objective to become a member of all important international organizations and "stand proudly among the countries of the world" after regaining its legitimate seat at the UN in 1971; at the same time, the restoration of GATT status marks the official convergence of the Chinese economy with the world economy and of the Chinese market with the world market. It is of immense significance to China's efforts to promote the perfection of its socialist economy market system, speed up the lasting and stable growth of its economy and trade, and enable its economy to become genuinely a lively and vital part of the world economy.

Curbing Production, Promoting Sales Stressed

OW2911112692 Beijing XINHUA Domestic Service in Chinese 1031 GMT 26 Nov 92

["Text" of notice issued by State Council Economic and Trade Office on 26 November concerning progress achieved during October in curtailing production, reducing inventory, and promoting sales]

[Text] Beijing, 26 Nov (XINHUA)—According to statistics released by the China Industrial and Commercial Bank, by the end of October, 130.68 billion yuan was tied up in finished goods produced by state-operated industrial enterprises having accounts at the bank—2.33 billion yuan lower than the amount for the preceding month, but still 20.95 billion yuan higher than the amount noted at the beginning of this year. The total amount of money tied up by the three types of funds [capital tied up by delivered goods, collectable funds, and loan interest] has reached 391.38 billion yuan. The amount of capital tied up in finished goods has dropped in the 30 provinces, autonomous regions, municipalities directly under the central government's jurisdiction, and cities authorized to draw up independent economic plans; and 12 of the 30 had drops exceeding 100 million yuan. They were: Shandong (323 million yuan), Guangxi (292 million yuan), Shanghai (240 million yuan), Heilongjiang (231 million yuan), Hebei (223 million yuan), Xian (198 million yuan), Sichuan (193 million yuan), Guangdong (154 million yuan), Tianjin (125 million yuan), Hainan (107 million yuan), Nanjing (106 million yuan), and Harbin (101 million). Six others had drops of from 50 million to 100 million yuan. They were: Qingdao (81 million yuan), Jiangsu (74 million yuan), Chongqing (68 million yuan), Changchun (59 million yuan), Hunan (56 million yuan), and Guangzhou (50

million yuan). Fujian, Chengdu and 10 other provinces and municipalities had drops below 50 million yuan. Xiamen had already accomplished its annual plan for curtailing production, reducing inventory, and promoting sales. In 13 provinces, autonomous regions, and municipalities, the amount of capital tied up by finished goods in October increased by varying degrees over the same period for September. In Liaoning the increase was 136 million yuan, in Anhui 83 million yuan, in Jiangxi 67 million yuan, in Beijing 65 million yuan, in Gansu 53 million yuan, and in Hubei 47 million yuan. Provinces, regions, and municipalities in which funds tied up by finished goods and the three types of funds were still growing, or in which the drops were minor—especially those in which the growth is still continuing—must immediately take stronger and more effective measures to curtail output, reduce inventory, and promote sales.

The situation at the end of October showed that, while the amounts of funds tied up by finished goods dropped more substantially in October, the task of accomplishing the annual plan is still formidable. Thus, leading comrades in all regions and departments must take advantage of the remaining days of this year and organize relevant departments to enforce all measures for curtailing production, reducing inventory, and promoting sales. For those enterprises which are trying to reduce their inventories but are still producing the same kinds of goods, we must deal with the problem from the source. We must take resolute measures by the end of this year, such as supporting local banks in discontinuing their loans and supporting production and administrative departments in discontinuing or rationing their power supplies, according to individual cases, so as to stop them from continuing to produce unmarketable goods. Government departments should take full advantage of the current brisk marketing season and help enterprises to broaden their marketing avenues and sell their stock-piled goods. Meanwhile, enterprises must reduce the three types of funds by intensifying their efforts to collect funds tied up in goods that have already been delivered. All regions and departments must strive to do whatever possible to accomplish this project to make sure that this year's plan for curtailing production, reducing inventory, and promoting sales is accomplished.

Foreign Investors Concessions Control Studied

HK0212113492 Beijing CHINA DAILY in English 2
Dec 92 p 2

[By staff reporter Wang Yong: "Tax Concession Denounced"]

[Text] China is intensifying its efforts to clamp down on tax concessions for overseas investors, which are encouraged by many local authorities.

It is a move that many analysts say is overdue.

Top government officials warned over the weekend that such concessions may drain State revenues.

Jin Xin, head of the State Taxation Bureau (STB), repeated calls at a press conference on Saturday for the country to institute a uniform taxation policy.

Sources say a caucus meeting attended by government financial masterminds will be held this week to frame a detailed taxation law designed to control freewheeling tax concessions in localities.

Overseas-funded enterprises have contributed a substantial amount of taxes to State coffers, but undue preferential treatment offered to them by many provinces and cities—even counties and townships—is shearing this growth.

China approved some 30,000 overseas-funded ventures in the first 10 months this year, bringing the total number to nearly 80,000.

Taxes collected from all these ventures in the January-October period topped 8.7 billion yuan (\$1.6 billion), up 48.6 percent over the corresponding period for 1991, according to the overseas edition of PEOPLE'S DAILY [RENMIN RIBAO] yesterday.

But the growth rate was a little short of that for the first half of this year, which stood at 55 percent.

STB officials forecast that 10 billion yuan (\$1.8 billion) of taxes will be reaped from overseas-funded ventures this year.

China's total tax revenue for the whole year is expected to be about 350 billion yuan (\$64 billion).

Analysts say the central government has to remove two stumbling blocks to ensure the 10-billion-yuan goal relating to overseas-funded enterprises is achieved.

One is tax-dodging on the part of overseas investors, and the other is unreasonable tax concessions on the part of local governments.

Statistics show China loses some 100 billion yuan (\$18.2 billion) in tax revenue per year.

State and collectively owned enterprises make up 80 percent of annual tax evasion cases.

The trend, analysts say, is that losses from foreign investors are on the increase.

Li Lanqing, Minister of Foreign Economic Relations and Trade, said on Saturday that "it won't be long before the country has a uniform treatment for overseas investors."

He admitted the differences between central and local policies regarding overseas investment has caused trouble for foreigners.

"But this scenario's days are numbered," he said.

China is considering an early convergence of tax rates for domestic and overseas-funded ventures to help root out the discrepancy.

Government officials disclosed that a uniform 33 percent tax rate for all ventures in China will be applied soon.

This move is likely to be quickened as China is on the verge of rejoining the General Agreement on Tariffs and Trade (GATT).

Foreign-Funded Enterprises Become Large Taxpayers

OW3011042792 Beijing XINHUA in English 0324
GMT 30 Nov 92

[Text] Shanghai, November 30 (XINHUA)—Foreign-funded enterprises in China's largest industrial city of Shanghai turned in 1.55 billion yuan (280 million U.S. dollars) in taxes in the first ten months of this year, which accounts for more than 10 percent of the total of the city.

Experts say that the taxes paid by the city's foreign-funded enterprises this year are expected to reach 1.7 billion yuan, some 40 percent more than last year.

Some 2,531 foreign-funded enterprises in the city were registered by the end of last October to turn in taxes, 1,349 more than were registered by the end of last year.

So far the city has 1,982 operational foreign-funded enterprises and over 90 percent of them deal in high cash figures.

For example, the jointly-funded Sino-Germany Shanghai Volkswagen, Sino-British Shanghai Yaohua Pilkington Glass Co. Ltd, Sino-Japanese Shanghai Mitsubishi Lift Co. Ltd, and the Sino-U.S. Shanghai Xerox, turn in over 10 million yuan each in taxes a year.

Experts attribute the increase in taxes paid by foreign-funded enterprises to the fact that many industrial firms are reaching the end of their tax-free grace periods and most of those becoming operational this year are engaged in the tertiary industry, which is not exempt from taxes at any time.

Officials from the city's taxation department say that the taxes paid by foreign-funded enterprises will continue to increase rapidly in the next few years.

Minister Forecasts 30 Percent Growth in Imports

HK3011030792 Beijing CHINA DAILY in English 30
Nov 92 p 1

[By staff reporter Wang Yong: "Import To Be Up 30 This Year"]

[Text] China's imports are expected to increase by 30 percent this year as the growth of the national economy picks up its pace.

Li Lanqing, the Minister of Foreign Economic Relations and Trade (Mofert), said a double-digit growth rate

forecast for the country's gross national product (GNP) this year is to generate a much higher demand for imports than expected.

His remarks were the first official confirmation of the already-palpable feverish momentum being experienced in China's import market.

In addition, Li added, China's exports for the year are expected to show an increase of nearly 20 percent.

According to the General Administration of Customs, China's imports in the first nine months of this year rose 21.4 percent over the corresponding period in 1991 to \$52.5 billion, while exports rose 16.2 percent to \$57.5 billion.

Analysts say China's total import volume by the end of this year should hit about \$90 billion if a 30 percent growth rate materializes.

They cite several factors that point toward the realization of that estimate:

- China's foreign exchange reserves have exceeded \$45 billion;

- China has borrowed \$60 billion in foreign debt, but the debt service ratio is only 8 percent, much lower than the international alarm line of 20 percent;

- The inflation rate at home is being kept at between 5-6 percent;

- Foreign investors have put \$60 billion into China, which boosts the country's export income;

- Domestic enterprises are to soon have more freedom in dispensing their own foreign exchange reserves—in sharp contrast to the rigid past controls of central planning;

- Another important factor, Li pointed out, is that China is to further relax price controls.

"At present, more than 75 percent of China's commodities have their prices decided by market fluctuations," he said.

Rural Industry Shows Record Growth Through Oct

HK0212072892 Beijing CHINA DAILY in English 2
Dec 92 p 1

[By staff reporter: "Industry Sees Record Growth in Rural Areas"]

[Text] China's rural industry hit a new growth record in the first 10 months of this year, with its output value increasing by 47 percent compared with the same period of last year, the Ministry of Agriculture reported.

Liang Shusheng, an official from the Department of Rural Enterprises under the ministry, said yesterday that

the total production value of rural industrial enterprises reached 998 billion yuan (\$181.45 billion)—a historic record.

Since early this year, rural industry saw especially swift development in Jiangsu, Anhui and Fujian provinces, compared with figures from the same period last year.

In Jiangsu Province, production value of rural industrial enterprises reached 201 billion yuan (\$37 billion) from January to October, an increase of 69 percent, Liang said.

In Anhui Province, production value of rural industrial enterprises reached 28 billion yuan (\$5 billion), an increase of 63 percent.

And in Shandong Province, production value of rural industrial enterprises reached 141 billion yuan (\$25.6 billion) from January to October, an increase of 49.6 percent, he said.

Earlier last month, Vice-Premier Tian Jiyun told a national meeting on rural development held in Xian that few Chinese people had expected that rural enterprises could make such a great contribution to the national economy.

Tian recalled that in 1991, total output value of rural enterprises, including both the industrial and service sectors, reached 1,162 billion yuan (\$211 billion)—surpassing 1,000 billion yuan for the first time in history.

Also in 1991, output value of rural industrial enterprises reached 870 billion yuan (\$158 billion), or 30 percent of the country's total industrial output value in that year.

The vice-premier pointed out that it had taken 31 years for China's gross national product (GNP) to increase from 100 billion yuan (\$18.2 billion) to 1,100 billion yuan (\$200 billion).

"But it took only eight years for the rural industry to increase its output value from 100 billion yuan to 1,162 billion yuan (\$211 billion)," he said.

In 1991, rural enterprises paid 45 billion yuan (\$8 billion) in taxes to the government, accounting for 15 percent of State Tax revenues.

In counties where rural enterprises developed especially fast, 70 percent of the local financial income came from profits and taxes, officials said.

In 1991, foreign trade agencies purchased 29.6 percent of their goods for export from rural enterprises.

Government To Improve Labor Legislation System

OW0112113292 Beijing XINHUA in English 0138 GMT 1 Dec 92

[Text] Wellington, December 1 (XINHUA)—Chinese labor departments are striving to improve the country's

legislation on labor affairs to create favorable conditions for the establishment of a socialist market economy system.

Strengthening of labor legislation would be one of the four major endeavors in this aspect, said Linghu An, Chinese vice-minister of labor, in a XINHUA interview.

The other three would involve the improvement of employment service system, the social insurance system and the labor disputes arbitration system.

Before leaving for Australia early Monday after winding up a week-long visit to New Zealand, the vice-minister said that a series of laws and regulations on labor are under formulation to enable China's labor administration better conform to the development of the country's socialist market economy.

Among the legislation drafts are labor law, the employment law and minimum wage law and a string of regulations supplementary to the labor law, he said, adding the labor law, the draft of which has been revised 27 times over the past dozen of years, would be soon submitted to the supreme legislation body for deliberation.

The improvement of the four systems would make the "whole lot" of China's labor administration in the service of establishing the socialist market economy, the vice-minister said.

In the labor sector, China and New Zealand could learn from each other, Linghu noted. An experienced country especially in employment service, New Zealand would be worth learning from by China, he added.

New Zealand is in turn very interested in China's experience of establishing thousands upon thousands of labor service companies which have helped find jobs for millions. Tackling unemployment is the government's top priority at a time when the unemployment rate is running at more than 10 percent.

During his stay in New Zealand, the vice-minister met with New Zealand third-ranking minister Bill Birch, the minister of labor and immigration. The two countries have also agreed to exchange information regularly in this aspect.

'Massive' Railway Expansion Planned for South

HK2911062092 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 29 Nov 92 p 5

[By Sun Wenge: "Province Planning Railways"]

[Text] South China is launching massive railway projects to, literally, build its path to prosperity.

In the next five years, six main railway lines and seven branches will be built in Guangdong, Hunan and Hainan

provinces. In addition, a broad plan to renovate and expand existing railways and shipping facilities has been formulated.

According to the Guangzhou Railway Bureau, which administers the railway network in the three provinces, 1,087 kilometres of new main railways are planned for the next five years.

The five routes, designed to provide inter-province access, are:

—Beijing-Jiujiang-Kowloon Railway. Starting from Beijing and ending in Jiujiang, Jiangxi Province, the railway will extend to Kowloon in Hong Kong through the Guangzhou-Meizhou-Shantou-Railway now under construction. The Guangzhou Railway Bureau is in charge of the 83 kilometres in Guangdong and plans to finish its section by the end of 1996, one year ahead of the projected completion of the whole railway. The railway will be the second line linking Guangdong with Central China after the Beijing-Guangzhou Railway, which is often choked.

—Guangzhou-Meizhou-Shantou-Railway. With a total length of 480 kilometres, the railway will link Guangdong with Fujian Province in the east and Jiangxi Province in the north. Construction is planned to be complete by the end of 1995.

—Changsha-Shimen Railway. With a length of 260 kilometres, the line will start in Changsha, the capital of Hunan Province. It is the connecting rod between the Beijing-Guangzhou Railway and Jiaozuo-Ziliu Railway, which is one of the main railways in West China. The new lines are expected to ease the shipment of goods in and out of Hunan Province. Completion is planned by 1996.

—Meizhou-Longyan Railway. Stretching from Meizhou in East Guangdong and joining the Zhangzhou-Longyan Railway in Kansi, West Fujian Province, the railway will be 128 kilometres. It is expected to be finished in 1996.

—Haikou Chahe Railway. With a total length of 180 kilometres, this line will mark the finish of the West Hainan ring railway, which is planned to reach into mainland through a wharf across Qiongzhou Strait. Completion is expected in 1994.

Along with the building of the new routes, the region is also undertaking the expansion and modernization of dozens of old railways.

After the expansion, the handling capacity of Guangzhou Station, Changsha Station and Hengyang Station, three major train stations in the region, will be doubled.

Meanwhile, the electrification of the Wuhan-Guangzhou section of the Beijing-Guangzhou Railway is expected to be finished within three years, and the electrification of the Xiangqian Railway will double present shipping capacity.

Also on the agenda are more tracks on the Xiangfan-Shimen Railway and the Xiangqian Railway.

In addition, the construction of the Guangzhou-Shenzhen high-speed railway is expected to be finished by the end of 1994.

Joint-Venture Retail Businesses Approved

HK2911040592 Beijing ZHONGGUO XINWEN SHE
in English 0656 GMT 28 Nov 92

[Text] Beijing, November 28 (CNS)—The State Council recently gave approval for five cities, namely, Beijing, Shanghai, Tianjin, Dalian and Qingdao, and five special economic zones to each run one or two Sino-foreign joint-ventured or cooperative-ventured commercial retail enterprises, but not solely foreign-funded ones for the time being. The scope of business for such joint ventures will be limited to general merchandise and the import and export of commodities. They will not be allowed to engage in wholesale business or act as agent for import or export. The general principle is that exports should be greater than imports with self-balancing in foreign exchange. Their imports will be limited to general merchandise to be sold in their own stores.

The total value of its annual importation must be less than 30 percent of its retail sales volume of the whole year. Their respective volume of imports will be allocated by the Ministry of Foreign Economic Relations and Trade and supervised in practice by the customs. Enterprises of this kind will not be allowed to deal in the export of Category 1 commodities specified by the ministry. Their dealing in categories 2 and 3 commodities will be subject to approval by the ministry. For the import of household electrical appliances, cigarettes and wines, beverages and cosmetics, they must go through the procedures in accordance with the relevant state regulations. Their handling of foreign exchange earned from exports should be in conformity with the relevant regulations concerning foreign-funded enterprises.

Guangdong Project To Aid Poor Approved

OW3011064992 Beijing XINHUA Domestic Service in Chinese 1327 GMT 27 Nov 92

[Text] Guangzhou, 27 Nov (XINHUA)—The State Council recently approved and replied a request for instruction from the Guangdong provincial people's government, concurring to incorporate a plan on an assisting-the-poor economic development experimental zone in Qingyuan City into the series of rural pilot reform projects.

The State Council's reply said: Guangdong should adopt effective measures and exercise greater leadership over the pilot reform projects, fully utilizing the geographical advantage of the city's proximity to the Zhu Jiang delta, Hong Kong, and Macao to promote development through opening up and to eradicate poverty through

development. It is necessary to focus attention on key projects in deepening the reform so as to stimulate an all-round growth of the rural economy.

The Guangdong plan to establish an assisting-the-poor economic development experimental zone covers an area of 9.6 square km in Qingyuan city; of these, 1.5 square km is planned for the first-stage development. Since the announcement of the plan last 29 February, Chinese and foreign businessmen have continually visited the site. So far, 110 projects funded with foreign capital or lateral domestic ties and 66 construction projects have been approved.

Major Agricultural Projects Show Progress

*OW3011060092 Beijing XINHUA in English 0509
GMT 30 Nov 92*

[Text] Beijing, November 30 (XINHUA)—China has made remarkable progress in scientific research of five major state agricultural projects through two-year efforts.

According to today's PEOPLE'S DAILY [RENMIN RIBAO], the five major projects include studies of comprehensive agricultural development in medium- and low-yield areas in northeast China and the development of drought areas in north China, the examination of water-soil erosion and agricultural development of the loess plateau and studies on improvements in low-yield areas in south China.

As one of the 11 experimental areas in the loess plateau, the Guyuan experimental area in the Ningxia Hui Autonomous region has managed to increase its per capita income from 47.5 yuan to more than 700 yuan by efficient agricultural ecology.

High-yield and quality agriculture has become predominant in Guangdong Province where the output value of forest, animal husbandry, side-line products and fishing accounts for 52 percent of the total agricultural output value.

East Region

Anhui Passes Measures on PRC 'Deputies Law'

OW0112130592 Hefei ANHUI RIBAO in Chinese 18
Nov 92 p 2

["Measures by Anhui for Implementing the 'PRC Law Governing Deputies to the National People's Congress and Local People's Congresses' (Approved by the 33d Session of the Seventh Anhui People's Congress Standing Committee on 24 October 1992)"]

[Text] Chapter One. General Principles

Article 1 These measures are drawn up on the basis of the provisions in the "PRC Law Governing Deputies to the National People's Congress [NPC] and Local People's Congresses" (hereafter referred to as the "Deputies Law"), in conjunction with Anhui's actual situation.

Article 2 Deputies to people's congresses at various levels in Anhui are personnel of the local power organs of the state. They exercise state powers according to law.

Deputies exercise their functions and powers when they do their work during and after the sessions of respective people's congresses in accordance with the "Deputies Law" and these measures.

Article 3 County-level and higher local people's congresses and their standing committees, as well as township and town people's congresses, supervise the implementation of the "Deputies Law" and these measures in their respective administrative areas.

Regional organs of people's congresses are in charge of inspecting and guiding the implementation of the "Deputies Law" and these measures.

Article 4 All state organs, groups, organizations, and individuals in Anhui shall respect the deputies' rights, and support them in exercising their functions and powers according to the law.

Chapter Two. Deputies' Work During Sessions of Their Respective People's Congresses

Article 5 Deputies to people's congresses in Anhui shall attend the meetings of respective people's congresses and exercise their functions and powers according to law.

Article 6 Deputies attend congress plenary sessions, delegation plenary sessions, and subcommittee meetings; and they examine motions and reports placed on congressional agendas.

Deputies may attend presidium meetings and special committees as nonvoting observers when invited, and they may express their views at these meetings.

Deputies do their work at meetings of respective people's congresses according to law and according to the procedural rules of respective people's congresses as well as to other relevant rules of congresses.

Article 7 When deputies cast their votes at respective people's congresses, they may cast affirmative votes, dissenting votes, or abstention votes.

Article 8 Delegations, or groups of 10 or more cosponsors, of county-level and higher local people's congresses—or five or more cosponsors in the case of township or town people's congresses—may submit written motions to corresponding people's congresses if these motions are within their powers.

These motions shall state their causes, bases, and specific plans for execution; and they shall be submitted within the times prescribed by the congresses.

In case the sponsors of a motion already placed on the agenda of a meeting want to retract their motion prior to the voting, the meeting may terminate the deliberations of the motion with the presidium's concurrence.

Article 9 When deputies are deliberating motions or reports, they may question state organs at the corresponding levels. Persons in charge of these state organs shall be present to hear deputies' views, answer their questions, and provide explanations for the relevant motions or reports.

Article 10 A delegation or more than 10 deputies of a local people's congress at or above the county level may submit a written inquiry to a people's government of the same level and working departments, people's courts, and people's procuratorates under its jurisdiction.

Provided the number exceeds 10, deputies of a village or town people's congress may jointly submit an inquiry to a people's government of the same level and working departments under its jurisdiction.

The content of the inquiry, or the questions to be asked, is to be clearly written.

The inquiry is to be submitted by the presidium to the responsible person of the organ being asked the question, who shall reply within the scope and time limit prescribed. In cases when the reply is a written one, it must be signed by the responsible person of the organ, and printing and distribution of the reply shall be decided by the presidium.

If the reply is made at a presidium meeting or a special committee meeting, the deputies submitting the inquiry have the right to attend the meeting as observers and express their opinions.

Article 11 A motion and inquiry submitted in the name of a delegation must be approved by a majority of the delegation. When the majority of a delegation numbers fewer than 10 deputies, the motion and inquiry must be jointly submitted by more than 10 deputies.

Article 12 Deputies shall participate in elections in people's congresses of their respective levels.

Provided their number exceeds 10, deputies of a local people's congress at and above the county level may jointly recommend candidates for members of the congress's Standing Committee, for leading members of a people's government, for the president of a people's court, for the chief procurator of a people's procuratorate of the corresponding level, as well as the candidates for deputies of a people's congress at a higher level; deputies shall have the right to make suggestions regarding the presidium of the people's congress of their respective level and regarding the candidates for the mentioned personnel recommended according to law.

Provided their number exceeds 10, deputies of a village or town people's congress may jointly recommend candidates for the leading members of the people's government of the corresponding level, and have the right to make suggestions regarding the presidium of the people's congress of the corresponding level and regarding candidates for the above mentioned personnel recommended according to law.

Deputies may vote for or against the recommended candidates, may elect other candidates, or may abstain.

Article 13 Provided their number exceeds one-tenth of the total, deputies of a local people's congress at and above the county level may jointly submit a written motion for the dismissal of members of the congress's Standing Committee, members of a people's government, the president of a people's court, the chief procurator of a procuratorate of the corresponding level, and the deputies of a people's congress at a higher level which they have elected.

Provided their number exceeds one-fifth the total, deputies of a village or town people's congress may jointly submit a motion for dismissing the leading members of a people's government of the corresponding level.

The reason for the dismissal must be clearly written in the motion.

Article 14 Two or more delegations of a local people's congress at or above the county level, or more than 10 percent of the congress's deputies, may submit a proposal for the organization of an investigative committee to investigate specific issues. The proposal shall be submitted by the presidium to the congress for deliberation and approval.

The presidium shall recommend members of the investigative committee from among deputies and submit the namelist to the congress for approval.

Article 15 Deputies have the right to make proposals, criticisms, and suggestions concerning the various aspects of work of the people's congress at the corresponding level.

The secretariat of a people's congress or the general office of a people's congress standing committee at the corresponding levels shall be responsible for forwarding

the proposals, criticisms, and suggestions made by deputies to the relevant organs and organizations for handling. Replies to the deputies must be made within the prescribed period of time.

In cases when deputies are not satisfied with replies to proposals, criticisms, and suggestions, they may make new proposals, which shall be forwarded by the general office of the people's congress standing committee at the corresponding level to the relevant organ or organization for further handling.

Chapter Three. Deputies' Activities When Their Respective People's Congresses Are Not in Session

Article 16 When people's congresses are not in session, the standing committee of a local people's congress at or above the county level shall organize the activities of deputies to the people's congress and of deputies elected by the people's congress to a higher people's congress at the request of the latter congress.

The presidium of the people's congress of a village or town shall organize the activities for the deputies of a local people's congress when the congress is not in session.

Article 17 Deputies of provincial people's congresses at various levels, assisted by the standing committees of the respective people's congresses, and the presidiums of a village and town people's congresses, shall form groups of deputies in accordance with the principles that facilitate organizing and launching activities.

Deputies of a local people's congress may form groups by themselves, and also may group with deputies to a higher people's congress, or with deputies to a lower people's congress, and also with deputies of certain systems or trades or professions.

Deputies shall participate in activities of their respective groups at least once a quarter, during which they will study and publicize the constitution and the law; seek to understand the situation arising from the implementation of various laws; and carry out relevant investigations and studies.

Article 18 Deputies of provincial people's congresses at various levels, shall, under the unified arrangement by the standing committees of respective people's congresses, along with the presidiums of a village and town people's congresses, take part in inspections and evaluation of the work of the various departments under the respective people's governments, people's courts, and people's procuratorates.

Units responsible for arranging centrally organized inspections for deputies, and for arranging meetings with responsible officers of relevant state organs at the same or lower level shall make the necessary contacts. Responsible officers of the relevant state organs to be interviewed should listen to the suggestions, criticisms, and views of the deputies.

Deputies holding deputy identification cards may carry out inspections at their place of residence in the work place. In accordance with deputies' requests, standing committees of local people's congresses at or above the county level shall make arrangements and contacts for local inspections by deputies to the local or higher people's congresses on the strength of their identification cards.

During their inspections, deputies may present their proposals, criticisms, and views to the units under inspection; however, they shall not directly deal with the problems.

Article 19 Deputies of people's congresses in the province and cities with prefectures under their jurisdiction may attend meetings of people's congresses of their former electoral units as observers; may be invited to attend standing committees' meetings of the people's congresses of their former electoral units as observers; may attend standing meetings of their respective local people's congresses, as well as their special committees' meetings.

Deputies of a county people's congress may be invited to attend meetings of the standing committee of a local people's congress as observers.

Deputies of village and town people's congress may be invited to attend meetings of the presidiums of their respective people's congresses.

Article 20 Deputies of local people's congresses at and above the county level may, in accordance with the decisions of the standing committees of their respective people's congresses, join any investigative committee formed by standing committees to study specific issues.

Article 21 Deputies of provincial people's congresses at various levels may propose to convene an extraordinary session in accordance with laws and regulations.

Article 22 Deputies of local people's congresses at and above the county level are entitled to submit their suggestions, criticisms, and views on various aspects of work to the standing committees of their respective people's congresses.

Deputies of village or town people's congresses are entitled to submit their proposals, criticisms, and views on various aspects of work in their respective administrative districts to the presidiums of their respective people's congresses.

Relevant organs and organizations must study, deal with, and take the responsibility to respond to the proposals, criticisms, and views presented by deputies.

Article 23 Deputies should maintain close contacts with their electorates of their former electoral districts or units, and by all means listen to and reflect on the views and demands of the masses and help their respective people's governments carry out their work.

Chapter Four. Guarantees for Deputies To Perform Their Duties

Article 24 Speeches delivered or votes cast by deputies at meetings of their respective people's congresses or people's congresses at levels immediately below theirs shall not be subject to legal investigation.

Article 25 Deputies of local people's congresses at all levels at or above the county level shall not be arrested or subject to criminal trials unless permission has been obtained from presidiums or standing committees of respective people's congresses. Organizations detaining deputies who were caught in, before, or immediately after their acts shall immediately inform the presidiums or standing committees of respective people's congresses.

Any other measures that restrict through legal stipulations the individual freedom of deputies of local people's congresses at all levels at or above the county level shall be carried out after permission has been obtained from presidiums or standing committees of the respective people's congresses. Permission from the presidiums or standing committees of both people's congresses shall be obtained when one wishes to arrest, conduct criminal trials on, or implement other measures that restrict through legal stipulations the individual freedom of deputies who serve concurrently at two people's congresses at or above the county level.

Organizations that arrest, conduct criminal trials on, or implement other measures that restrict through legal stipulations the individual freedom of deputies of people's congresses of townships and towns shall immediately inform relevant township or town congresses, or inform presidiums of the township or town congresses when the township or town congresses are not in session.

Article 26 Units that deputies of people's congresses at all levels in the province serve shall guarantee that these deputies have time to participate in activities coordinated by their respective people's congresses, standing committees of the respective people's congresses, or presidiums of township or town people's congresses when their respective people's congresses are not in session.

Deputies who perform their duties according to stipulations in the preceding section shall be regarded by the units they serve as carrying out their regular duties and shall enjoy wages and other treatments given by their respective units. Deputies who do not receive fixed wages but who carry out duties of deputies shall be given allowances by relevant financial organs.

Article 27 Standing committees of local people's congresses at all levels at or above the county level and presidiums of township and town people's congresses shall submit budgets for annual activities of deputies according to requirements of activities conducted by deputies when the people's congresses of these deputies are not in session, and relevant financial organs shall make arrangements for the expenses.

Article 28 Standing committees of local people's congresses at all levels at or above the county level and presidiums of township and town people's congresses shall set up systems to maintain contacts with deputies. Members of local people's congress standing committees at all levels at or above the county level and members of presidiums of township and town people's congresses shall maintain regular contacts with their deputies to listen to deputies' opinions and their requests.

Standing committees of local people's congresses at all levels at or above the county level shall be equipped with organs and staff in charge of deputies' work, and the latter shall provide services to enable deputies to perform their duties.

Article 29 Standing committees of local people's congresses at all levels at or above the county level and presidiums of township and town people's congresses shall issue certificates to their deputies to facilitate their performance of duties as deputies.

Article 30 Standing committees of people's congresses or presidiums of township and town people's congresses whose deputies are refused assistance, obstructed while performing their duties, or retaliated against when carrying out their duties according to law shall supervise efforts to deal with relevant organs or organizations according to Article 39 of the "Deputies Law."

Chapter Five. Supervision Over Deputies

Article 31 Deputies are subjected to supervision by voters in their electoral districts or electoral units.

Deputies to county, township, and town people's congresses are subjected to supervision by voters in their electoral districts; NPC deputies elected in Anhui, and deputies to the provincial people's congress and people's congresses of cities with districts are subjected to supervision by their electoral units.

Article 32 When deputies to people's congresses in Anhui are unable to attend congressional sessions, they shall, before the sessions, request leave approval by submitting written requests to people's congress standing committees of corresponding levels, or to the presidium of township or town people's congresses.

A deputy who is absent from his people's congress sessions for two times without prior approval shall have his credentials terminated.

Article 33 Deputies shall maintain close ties with voters of their electoral districts or electoral units, listen to and reflect upon voters' requests, and answer their questions about deputies' work and activities.

Deputies who do not reside in their electoral districts, or work in the units that elected them, shall visit these districts or units at least once a year to take part in their deputy-related activities.

Article 34 Voters or electoral units have the legal authority to dismiss deputies they have elected.

The dismissal of a deputy to a county people's congress, or to a township or town people's congress, requires the approval of over one-half of the voters of his electoral district.

The dismissal of an NPC deputy elected in Anhui, deputy to the provincial people's congress, or deputy to a city with districts, requires the approval of over one-half of the number of deputies elected by their electoral units; when a people's congress is not in session, the dismissal requires the approval of over one-half of all the people's congress standing committee members elected by their electoral units.

A deputy subjected to dismissal has the right to express his views orally or in written form at meetings that discuss his dismissal.

The resolution about the dismissal of a deputy shall be reported to the standing committee of a higher people's congress for the record.

Chapter Six. Terminating Credentials and Suspending a Deputy's Office

Article 35 Credential committees of standing committees of local people's congresses above the county level, and credential committees of people's congresses of townships and towns are responsible for reviewing the termination of the credentials of deputies of corresponding people's congresses.

Article 36 When deputies to the provincial people's congress or people's congresses of cities with districts have moved, or have been transferred, from their administrative districts, or when their resignations have been accepted, or when they have been dismissed, the standing committees of the people's congresses of the electoral units that elected the deputies shall promptly report these changes to the standing committees of the higher people's congresses for the record.

Article 37 The standing committees of county and higher level people's congress shall announce, within four months, the termination of credentials of deputies to these congresses.

People's congresses of townships and towns shall announce the termination of credentials of their deputies.

Article 38 When they resign, NPC deputies elected in Anhui and deputies to the provincial people's congress and people's congress of cities with districts may submit their resignations to the standing committees of people's congresses of their electoral units, and the standing committees of people's congresses of corresponding levels shall decide whether the resignations are to be accepted.

When a deputy to the county people's congress resigns, he may submit the resignation to the standing committee of the county people's congress, and the standing committee shall decide whether the resignation is to be accepted after soliciting the views of the majority of voters in his electoral district.

When a deputy to the township or town people's congress resigns, he may submit the resignation to the presidium of the township or town people's congress, and the presidium shall decide whether the resignation is to be accepted after soliciting the views of the majority of voters in his electoral district.

Article 39 When a deputy's office is suspended temporarily, or when his office has been reinstated, the administrative office of his people's congress standing committee, or the the presidium of the township or town people's congress, shall notify both the unit that elected him and the deputy himself.

Chapter Seven. Supplementary Article

Article 40 These measures become effective 1 January 1993.

Jiang Chunyun Inspects Weifang City

SK0212060292 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 1 Dec 92

[Text] During his investigation and study trip in Weifang, provincial party committee Secretary Jiang Chunyun stressed that according to the current situation, tasks, and requirements, leaders at various levels should stress the necessity to take the overall situation into consideration; grasp strategic objectives, strategic priorities, key links, and key measures; and ensure that the economic and social undertakings will develop in a sustained, smooth, and high-speed manner.

On 29 November, Jiang Chunyun and Zhao Zhihao, deputy secretary of the provincial party committee and governor, heard the reports by (Zhao Changfeng), secretary of the Weifang city party committee; and Qi Naigui, mayor of Weifang city, and fully affirmed the city's work.

From 30 November to 1 December, Comrade Jiang Chunyun zestfully inspected Weifang's new high-tech development zone city, the No. 4 cotton mill, (Huagang) electronics industrial group company, and Changcheng door and window making group company. They also went to Linqu County to conduct investigations and study and to guide its work.

Comrade Jiang Chunyun said: At present, leaders at various levels should be good at grasping some great matters and key problems relating to and deciding the overall situation. The strategic objective is to grasp favorable opportunities to speed up development just as what Comrade Xiaoping has stressed. This is our major task. We should grasp this to implement the guidelines of the 14th CPC Congress and the plenary session of the

provincial party committee. Development is a major tangible principle. Of course, we should make development according to our capability and in line with reality.

In regard to the readjustment of the economic structure, Jiang Chunyun set forth requirements for upgrading standing and quality and creating the best economic results. We should readjust and deepen agricultural structure and take the path of developing high-quality, low-consumption, high-yield, and high-efficient agriculture. In readjusting the industrial structure, we should change the current situation of low production volume, high consumption, low economic results, and poor competitiveness; and readjust the industrial product mix, the industrial structure, the industrial enterprise structure, and the industrial technological structure. Developing tertiary industry is readjusting the major economic structure. We should change the situation where the tertiary industry is not well developed and ensure that the primary, secondary, and tertiary industries should develop in a coordinate manner.

During his inspection in Weifang and Linqu, Jiang Chunyun pointed out for several times that we should attend to technological progress and improve the quality of laborers. He said: The current economic competition is principally the competition among skilled persons and the technological competition. Thus, we should attend to various categories of education, cultivate skilled persons for ourselves, and further increase measures to bring in increasingly more skilled persons from other places. Now, the people are inspired with enthusiasm for developing projects and striving for investment. However, some of the people do not show interest in bringing in skilled persons. From now on, we should know only when skilled persons have been brought will we have projects and techniques, improve quality, enhance our competitiveness, be able to send increasingly more products to domestic and international markets, and elevate the economy to a new high.

Jiang Chunyun also expounded the questions of deepening reform, expanding the scale of open up, and injecting new vitality to the economy. This is a general principle and a strategic task. There are regulations on enterprise reform. The province has also worked out methods for implementing the regulations. So, we should resolutely implement the regulations and nobody can stop the implementation. Next year, the province and cities should make a breakthrough in organizational reform and create a relaxed and suitable environment for enterprises.

In regard to the issue of grasping the economic construction with one hand and dealing blows to economic criminal activities with the other, Jiang Chunyun stressed: Under the new situation of speeding up reform and open up and developing the socialist market economy, we must strengthen but not weaken party building, the improvement of spiritual civilization, and social order; and provide motivation and social insurance for reform and construction.

Jiang Chunyun prominently stressed the importance of emancipating the mind and renewing concepts. He said: Whether we can grasp favorable opportunities, speed up development, and immediately implement some strategic measures for speeding up development hinges on emancipating the mind, renewing concepts, and changing ideas. We should coordinate the emancipation of the mind with the principle of seeking truth from facts and break various kinds of obstacles affecting the development of productive forces. We should have the daring to try and pioneer the things that are conducive to developing the productive forces of socialist society, strengthening the overall national strength of the socialist country, and improving the people's livelihood. Simultaneously, we should also pay attention to proceeding from reality and seeking truth from facts and avoid rushing to go into action at a time. We should not ask cadres and people to do the things without conditions or good results; strive to protect, guide, and bring into play the enthusiasm of the cadres and the people; and ensure that the economic undertakings will develop in a sustained, smooth, and high-speed manner.

Central-South Region

Guangxi Governor Opens Telecommunications Center

HK0212093392 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 28 Nov 92

[Excerpt] Nanning Telecommunications Center, which is the hub of telecommunications in the whole region, officially began operation at 1000 today. This symbolizes a new stage of development of telecommunications in the regional capital, and is a good foundation for improving the investment environment and promoting economic development.

Cheng Kejie, regional government chairman; Wang Rongzhen, vice chairman, and Yang Xiansu, vice minister of posts and telecommunications, attended the ceremony and cut the ribbon.

The total investment in the communications equipment in Nanning Telecommunications Center is 38.57 million yuan. After the building of the center, the newly added production and business area is 17,300 square meters, which greatly alleviates the difficulty in telecommunications in the regional capital. [passage omitted]

Hunan Governor Urges Cadres To Adapt to Market

HK0212065092 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 27 Nov 92

[Text] On 25 November, Chen Bangzhu, deputy provincial party secretary and governor, and Wang Keying, vice governor, held a forum with the seventh-grade agricultural cadres who were studying in a class organized by the provincial party committee's party school. He stressed that, as the planned economy transforms into

the market economy, leading cadres at various levels should correspondingly change their thinking, views, work methods, and behavior to adapt to the demand of the new market economy system.

Comrades Chen Bangzhu and Wang Keying said: We must establish a socialist market economy system in the rural areas, and this is completely new and arduous work. We must study market economic theory and learn how to guide and lead the peasants as they walk toward the market, come to know the market, and adapt to the market according to the demands of the market economy. Therefore, cadres at various levels, especially the leading cadres doing rural work, have a heavy duty to study.

In his speech, Comrade Chen Bangzhu repeatedly stressed that party committees and governments at various levels must attach great importance to agriculture and rural work, and that Hunan's agriculture is a major sector—if it cannot be developed, the whole economy cannot be developed.

Comrade Chen Bangzhu pointed out: While the planned economy is undergoing its transformation into the market economy, we cannot ponder problems from the old angle of the planned economy. Cadres from various levels must change their way of thinking and let their thoughts and views adapt to the new situation of the developing market economy as soon as possible.

Hunan Secretary Stresses Market During Inspection

HK0212060392 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 27 Nov 92

[Text] On 26 November, provincial party Secretary Xiong Qingquan inspected rural work in Hengshan County. He stressed the need to seriously study and implement the spirit of the 14th party congress and to help peasants change concepts, strengthen their market sense, push agriculture to the market, and seek returns from the market.

Hengshan city party Secretary (Liu Zhongke) said in his report that, next year, Hengshan will try to select 200 cadres from county-level departments, to organize work teams for achieving small-scale prosperity, and to go to the grass-roots levels to help the rural areas develop their economy and bring agriculture to the market.

Secretary Xiong Qingquan was very pleased with the report. He said that the idea of sending cadres to the countryside is very good and that they must tackle three things. First, vigorously help township and town enterprises to develop and step up efforts to help rural areas achieve affluence; second, build good-quality, high-output, and high-efficiency agriculture, and lead peasants to use science and technology to invigorate agriculture; and, third, push agriculture to the market and seek returns from the market. To push agriculture to the

market, it is necessary to adjust the agricultural structure. This year, Hengshan has made major progress in adjusting production procedures; next year, it will still have to adjust 40,000 mu of land, and this is in accordance with the provincial party committee's demand. It is necessary to lead the peasants to strengthen their market sense, break the unitary model of production, and adjust and improve the cultivation structure. It is necessary to precisely aim at the market and understand the market situation. Agriculture's hope lies with the market. It is necessary to face the domestic and international markets, and develop agriculture and rural economy guided by the two markets.

As they came to this point, Secretary Xiong Qingquan asked Hengshan County Governor (Wang Jinjie) what foreign language he had learned. Governor Wang replied: I have learned the Russian language which I have no chance to use. Secretary Xiong said immediately: Why? You can sell your products to Russia. In the 1950's, Hengshan's sugar cane was sold to the Soviet Union, and Hengshan's sugar cane is a famous traditional product. Can every one of you grow fruit on one mu of land? It is necessary to vigorously develop small family orchards, improve varieties, and, for example, grow some (Malay) grapes and (Jiefeng) grapes. We must also develop the strong point of Hengshan's hilly terrain.

Southwest Region

XINHUA Profiles New Tibet Party Secretary

OW0112151092 Beijing XINHUA in English 1441
GMT 1 Dec 92

[Text] Beijing, December 1 (XINHUA)—The Central Committee of the Communist Party of China (CPC) has appointed Chen Kuiyuan as the secretary of the Tibet Autonomous Regional Committee of the CPC to replace Hu Jintao.

Hu was elected a member of the Standing Committee of the Political Bureau of the CPC Central Committee at the first plenary session of the 14th CPC Central Committee held last October.

Born in 1940 at a family of Han nationality in Kangping County in northeast China's Liaoning Province, Chen Kuiyuan graduated in 1964 from the Department of Political Education in the Normal College of the Inner Mongolia Autonomous Region and joined the CPC in 1965.

Before 1983 Chen worked as a teacher in a local party school and later as party leader at town and prefectural levels respectively in Inner Mongolia.

After 1989 Chen served as a member of the Standing Committee of the Inner Mongolia Autonomous Regional Committee of the CPC and vice-chairman of the regional government. He was appointed deputy party secretary of Tibet earlier this year.

Chen is also a member of the 14th Central Committee of the CPC.

North Region

Beijing Mayor Visits Thermal Power Plant

SK0212020792 Beijing BEIJING RIBAO in Chinese 22
Nov 92 p 1

[By reporter An Wei (1344 0251): "The Construction of the First-Phase Project of Shijingshan Thermal Power Plant Completed Ahead of Schedule"]

[Excerpts] The construction of the first-phase heating supply project of the Shijingshan Thermal Power Plant, which is Beijing's environmental protection project built with World Bank loans—a key urban construction infrastructure facility of the municipality—was completed ahead of schedule, and began formal operation yesterday. Mayor Chen Xitong went to Shijingshan Thermal Power Plant yesterday to personally start up the second hot water circulating pump, and met with and extended regards to designers, workers and management personnel who participated in the construction of the project.

The heating supply project of the Shijingshan Thermal Power Plant is a key project on developing central heating of the municipal government during the Eighth Five-Year Plan period, with a total investment of 1.27 billion yuan, of which \$54 million is World Bank loan. This project will be totally completed in 1996. By that time, we will be able to solve not only the winter heating problem of 15 million square meters of buildings built within the 35 square kilometers of land in the western and northern parts of the municipality, but will also be able to eliminate the 500 scattered boiler rooms in these areas, greatly reduce the discharged volume of poisonous gas such as sulfur dioxide, improve the quality of environment of the capital, and create conditions for applying for the right to hold the Olympic Games.

The first-phase heating supply project of the Shijingshan Thermal Power Plant which completed and commissioned yesterday starts from the Shijingshan Power Plant in the west and ends in Chegongzhuang in the east. The total length of the pipelines is 21.5 kilometers, spanning Shijingshan, Haidian and Xicheng Districts. This project involved a heavy relocation task; the construction time was pressing; and construction quality demand was high. The No. 2 and No. 3 Beijing Urban Construction Group Companies, the Municipal Coal Gas Design Institute, the Municipal Heating Power Company, the Shijingshan Thermal Power Plant, and the Municipal Public Utilities Construction, Supervision and Management Company which had undertook the design, construction, supervision and management tasks of this project overcame all sorts of unexpected difficulties, relocated 310 units and many residential houses, requisitioned 875 mu of land, completed a total of 1.68 million cubic meters of earthwork, and only spent 180 days to miraculously complete

the civil engineering work, prefulfilling the construction task by 435 days. [passage omitted] It is estimated that the completion of the first-phase heating supply project of the Shijingshan Thermal Power Plant will help the Shijingshan Thermal Power Plant raise its energy utilization rate by 6 percent, representing an annual saving of 600,000 tons of standard coal.

At the ceremony to mark the completion of the project, Mayor Chen Xitong cordially met with (Shituote) and (Ashilafu), high-ranking business officials of the World Bank representative office stationed in China. Mayor Chen thanked the World Bank for its great support for Beijing's environmental protection project. He pointed out: Our country is still very poor. Our party and government as well as the people across the country are making efforts to develop the economy so as to shake off poverty. Economic development will also bring environmental problems. Meanwhile, we should exert efforts to solve environmental problems. He told the guests: You have many good experiences. China needs your support. In their speeches, (Shituote) and (Ashilafu) praised the first-phase heating supply project of the Shijingshan Thermal Power Plant as an exemplary project built with World Bank loans, and expressed satisfaction for its cooperation with China and for the first-phase project of the Shijingshan Thermal Power Plant.

Shi Dazhen, minister of energy resources, and Assistant Mayor Huang Zhicheng gave speeches at the ceremony to mark the completion of the project. Also attending the ceremony were Yuan Liben and Gan Ying, and responsible comrades of the relevant committees and offices of the municipal government.

Hebei Governor Inaugurates Pharmaceutical Center

OW2911144792 Beijing XINHUA in English 1420 GMT 29 Nov 92

[Text] Shijiazhuang, November 29 (XINHUA)—With the support from the central government, the Neo-Pharmacy Research and Development Center under the North China pharmaceutical industry group has been officially formed in Shijiazhuang, the capital of Hebei Province.

China will introduce patents for medicine in accordance with international practice next year, and Vice Premier Zhu Rongji recently urged the State Pharmaceutical Administration to help set up the center.

With the Huabei (North China) pharmaceutical factory as its main body, the center will try to coordinate the technological interests of the whole country.

The factory will provide research bodies throughout the country with necessary funds to study new kinds of medicine.

Cheng Weigao, governor of the province, noted at the inauguration ceremony that the founding of the center

will give impetus to the rapid development of the country's research and production of pharmaceuticals.

Inner Mongolia Secretary Inspects Wuhai City

SK0212023692 Hohhot NEIMENGGU RIBAO in Chinese 9 Nov 92 p 1

[By reporters Wang Hong (3769 4767), Rong Songru (2837 8388 1172), and Wei Qingguo (5898 1987 0948): "Wang Qun Inspects Wuhai City"]

[Text] During his inspection in Wuhai city, Comrade Wang Qun, secretary of the autonomous regional party committee, pointed out that leaders at various levels should attend to priorities and put priorities in a prominent position in the course of deeply implementing the 14th CPC Congress guidelines and setting up and developing the socialist market economy. The current priorities are to speed up the changes in the enterprise managerial mechanism and the government functions and to positively promote the development of the regional economy. This is a great matter that brooks no delay.

From 4 to 7 November, Wang Qun and Song Zhimin, vice chairman of the regional government, guided responsible comrades of relevant departments to conduct investigations and study in Wuhai city, to disseminate the congress guidelines, to discuss with Wuhai city party committee and government leaders the great matter of developing the city, and to explore ways for developing coal, electricity, and chemical industries. They inspected six enterprises, held talks with some enterprise leaders, and discussed the issues of changing the enterprise managerial mechanism and government functions and of promoting a coordinate development of the regional economy and the areas with rich natural resources. During the inspection, Comrade Wang Qun fully affirmed Wuhai's work performance made over the past two years, highly assessed its economic development, praised it for emancipating the mind, having accurate ways, doing solid work, and making bigger strides. He also set forth opinions on future work.

On the basis of studying the current situation of enterprises and in line with the congress guidelines, Comrade Wang Qun emphatically set forth two issues:

1. Now, we should regard the changes in enterprise managerial mechanism and government functions as a priority in deepening reform and speeding up the economic development. It is a key measure for implementing the guidelines of the 14th CPC Congress as well as an extremely important and urgent task. To speed up the economic development with the emphasis on efficiency, we should try every possible means to change the enterprise managerial mechanism and have enterprises enter and occupy markets as soon as possible. If we fail to grasp this, the economic development will be affected. The failure to speed up the economic development and the improvement of the people's livelihood will affect stability and unity. This will become a political problem. Thus, we must pay high attention to it. First, party and

government leaders at various levels should solve this ideological problem. Second, we should rely on the vast number of staff and workers and cadres to change enterprise managerial mechanism. The government at various levels and their professional work departments should delegate, as soon as possible, to enterprises the powers that should be delegated according to the "enterprise law," the "regulation on changing the managerial mechanism of state industrial enterprises," and the circular of the CPC Central Committee and the State Council on conscientiously implementing the "regulation." The departments and persons involving the activities of infringing upon enterprise rights should be investigated according to laws. Enterprises of various categories at various levels should be good at and be brave in using their own powers. The enterprises should have the daring to do pioneering work, have a try, and take a risk so long as the things are conducive to developing the productive forces of socialist society, enhancing the overall national strength of socialist country, and improving the people's livelihood. We should proceed from reality, think out ways suitable to ourselves, and take the roads of our own. We should not ask for instructions on the policies that have not been in place. Without any hesitation or instead of adopting a wait-and-see attitude, we should have the daring to do what we should do according to the rules as set forth in the enterprise law, the regulation, and the circular. Third, changing the government functions is a matter that brooks no delay. The changes in the government functions should be carried out in coordination with and even before the reform of enterprise managerial mechanism.

Now, we cannot rely on any one of the departments to solve problems for enterprises. So, the governments should act as mediators to help enterprises solve their problems. Therefore, the governments at various levels should urgently go deep to the enterprises to investigate and study, to boldly make policy decisions, and to help solve problems. It will be difficult to enliven enterprises if the governments do not go deep to the enterprises, to seek truth from facts, or boldly make scientific and democratic policy decisions. We must adopt special methods to solve the problems that cannot be solved with ordinary methods. For instance, the government should boldly make policy decisions to judge whether the losing enterprises should be closed down, suspended, merge with others, or shift their lines of production. Fourth, we should conduct auxiliary reform in line with the law governing the market economy. There must be auxiliary measures for changing the enterprise managerial mechanism. For instance, we should keep abreast of the pace of setting up the social insurance system and the managerial system and setting up and readjusting enterprise leading bodies. We should adopt suitable measures to solve these problems one after another. In conducting auxiliary reform, we should take the economic construction as a key link, markets as a guidance, and efficiency as an objective to enliven enterprises. This is a key

condition for having enterprises enter and occupy markets. No activities of being divorced from or interfering in the key link is allowed.

2. We should positively promote the organic coordination and the coordinate development of the regional economy and the areas with rich natural resources. We should fully understand the significance of developing the regional economy because it is an essential requirement for developing the market economy. To suit the requirements as set forth in the market and economic laws, including the law of value, the competition law, and the law governing selecting the best and eliminating the worst, we should develop socialized large-scale production and organize associations to coordinate with the development of socialized large-scale production. The quintessence and nucleus of the regional economy is cooperation. The link of cooperation is mutual benefits. Breaking administrative division and taking the path of economic cooperation is an essential trend. He stressed: In reality, the development and construction of two belts and one zone in the region is a kind of the regional economic development patterns. To develop the regional economy, we should take market as a guidance and efficiency as a prerequisite, observe the market law, and enhance our competition capability. All localities should renew the understanding about themselves in the course of developing the regional economy, select accurate objectives, and readjust and strengthen the plans. From now on, we should have reliable proofs and set high starting points in developing new projects and avoid developing low-quality duplicate construction. In the course of developing the regional economy, we should break regional bounds; advocate large-scale opening and imports; bring in capital, techniques, skilled persons, equipment, and management methods from foreign countries and other places; and give a free hand to entrepreneurs from foreign countries and other places to make cooperation with us in an effort to have our region enter the world as soon as possible.

Comrade Wang Qun pointed out during inspection: Under the current new situation, we should further strengthen the construction of leading bodies and the cadres contingent. Now, we have policies, ways, and methods. The key to making development hinges on implementing these policies, ways, and methods. We should rely on leading persons to grasp implementation. Leading bodies should first be united. There must be principle and foundation for unity. The principle is "one center and two basic points" and wholeheartedly developing the economy. Everyone should be submitted to this principle. We must not divorce ourselves from this principle while speaking and handling affairs. All other principles should be put in the second or third position because they cannot affect the central link of economic construction.

Vice Chairman Song Zhimin also set forth many opinions during inspection.

Northeast Region

Heilongjiang Secretary Addresses Party Plenum

SK0212034392 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 28 Nov 92

[Text] The 10th enlarged plenary session of the sixth Heilongjiang provincial party committee was held at Heping Auditorium in Harbin today. This session's main tasks were to deeply study and implement the 14th CPC Congress guidelines; discuss the plan of pushing our province's economy to a new stage; and, on the basis of summing up 1992 work, define the 1993 work tasks, mobilize the people across the province to exploit the situation to advance, and accelerate Heilongjiang's economy.

Provincial party committee Secretary Sun Weiben gave an important speech at the plenary session. Shao Qihui, deputy secretary of the provincial party committee and governor, presided over this morning's session. Zhou Wenhua, Ma Guoliang, Tian Fengshan, Wang Haiyan, Chen Yunlin, Xie Yong, Meng Qingxiang, Shan Rongfan, and Tang Zuohou, members of the provincial party committee standing committee, attended the session.

Sun Weiben's important speech was entitled: "Study and Implement the 14th CPC Congress Guidelines and Push Heilongjiang's Economy to a New Stage." Sun Weiben said: To deeply study and implement the congress guidelines and to unite our thinking and action with the theory and the line on building socialism with Chinese characteristics, we should pay particular attention to deeply understanding the following six basic viewpoints: First, the theory on building socialism with Chinese characteristics is the Marxism of China of the present age and the ideological and theoretical basis for guiding reform, opening up, and the modernization drive. Second, the basic practical experience of the past 14 years is that we should unswervingly uphold the party's basic line. Third, the reform objective is to build the socialist market economic system. Fourth, seizing the favorable opportunity to accelerate economic development is a major economic task as well as an important political task. Fifth, the essence of socialism is to emancipate and develop the productive forces, eliminate exploitation, exterminate polarization, and finally reach common prosperity. Sixth, the key to making all fields of work a success is to strengthen and improve the party's leadership.

Comrade Sun Weiben particularly expound the issue on accelerating the pace of our province's economic development in the course of transition to the socialist market economy. He said: It is necessary to take the congress guidelines as a guidance; further emancipate minds on the basis of building the socialist market economic system; expand the reform strength aiming at changing the operational mechanism of enterprises; simultaneously promote the change of government functions; improve reform of the market, distribution, and social security systems; expand the degree of opening up to all

directions with an emphasis in opening Yanbian to the outside world; do a good job in cooperating with the south and opening up the north; develop the export-oriented economy, improve the strategy of opening up; accelerate the rate of development focusing on good-quality and highly efficient farming, the precision and intensive processing industry, and the tertiary industry; increase material and technology input; speed up the growth of the new economic growing point; march toward the orientation of intensive farming; and enter a new stage of economic development at a quicker rate and in a better manner. First, release the latent capacity of development to the greatest extent and accelerate the pace of reform in accordance with the reform objective of the socialist market economic system. In the case of our raw material production province where the proportion of mandatory plans is big, this is the greatest development opportunity. We should release the latent capacity in improving and formulating reform measures, in decontrolling and invigorating the grass roots and enterprises, in the precision and intensive processing of primary products and development of serial products, in enhancing the level of scientific management of enterprises and the capacity of technological development, and in giving play to people's enthusiasm.

Second, it is necessary to concentrate financial resources on developing key projects. Under the present situation in which the speed and efficiency are still stressed in the economy, it is impossible to realize the acceleration of economic development without grasping key projects and the pillar industries. Therefore, we must proceed from the reality of Heilongjiang, concentrate financial and material resources in the development, and achieve new breakthroughs in the construction of key projects. In the course of carrying out new projects, we must integrate the optimization of industrial structure with the realization of a high degree of industry, and on the basis of effectively alleviating power shortages, pay special attention to renovating and expanding power plants and building projects on turning coal into electricity with a view to alleviating the contradictions between power supply and demand; grasp the renovation of railway and highway trunk lines and the renovation of Heilongjiang bridge and Harbin airport and other projects with a view to clearing up bottleneck road sections and joining up disconnected roads, and improving the channels of foreign trade; and on the basis of developing and supporting intensive processing and extending the industrial chain, pay special attention to grasping the construction of key petrochemical industrial projects and strive to form the country's biggest petrochemical machinery manufacturing technology collecting and distributing centers as soon as possible; give special attention to the development of serial products of the building and building materials industries and stress the formation of enterprise groups that can provide all kinds of building materials, complete sets of equipment and installation technology; pay attention to grasping the intensive development projects in Sanjiang and Nenjiang Plains in line with the development of a type of farming that provides

high yields of fine quality with maximum efficiency; do a good job in the expansion and renovation of leading enterprises engaging in the precision and intensive processing of agricultural and forest products and animal by-products; carry out a batch of supporting projects that are greatly related to industries with high technological starting point and high increased value of products, and gradually form the country's biggest dairy product, wood product, animal feed, and grain product production and processing bases. On the basis of raising the level of industries, we should particularly grasp well the building of the two high and new technological development zones in Harbin and Daqing, and through the introduction of technology and funds, concentratedly develop a batch of high technology-intensive industries; do a good job in grasping the renovation of Harbin Power Station's complete sets of equipment in an effort to bring along the updating and upgrading of traditional industries. To carry out new projects, we must follow the road of striving for funds from the higher levels, delegating powers to the lower levels, and achieving breakthroughs in key projects. Third, we must push state large and medium enterprises to the market. Judging from the present situation, it is not enough to merely rely on improving the contract responsibility system. We must strive to make breakthroughs in changing the operational mechanism of enterprises. The key to achieving this is to implement the enterprise decision-making power in management in line with the stipulations of the regulations, speed up efforts to formulate detailed rules and supporting laws for implementing the regulations, and put them into practice prior to the end of this year. Fourth, we must improve the strategy of opening to the outside world. This means that we must accelerate the pace of extending the mutually complementary trade of commodities to comprehensive economic and technological cooperation in a bid to raise the strategic level of foreign economic and trade behavior, accelerate the extension of trade for goods transfer to export processing trade so as to stimulate the growth of export-oriented industries, expedite the change of taking intermediary trade companies as the main body into taking industrial enterprises as the main body, and enable state large and medium-sized enterprises to become a main force in opening up.

We should accelerate the extension of bilateral economic and trade cooperation with Russia to multilateral economic and trade cooperation so as to form a pattern of opening up marked by the development of trade ties with more countries and regions; accelerate the change from a forward position in opening the border areas to the outside world into a central position in establishing the Northeast Asian Economic Circle in an effort to bring into play the province's role as a major thoroughfare of international economic and trade that links with Europe and Asia. Fifth, we must accelerate the development of the market system, and regard market development as an industry of a new type. It is necessary to persist in the principle of decontrol first and then management and clearing up old market first and then building new ones,

and giving funds first and then reaping benefits later, let policies follow the market trend, and strive to form, as soon as possible, a market system that links the markets of the urban and rural areas, of various regions and of the whole province and outside the province and that integrates domestic trade with foreign trade. Sixth, we must actively develop a new economic growing point, accelerate the development of the county economy, the individual and private economies, and the three types of foreign-funded enterprises, and speed up the development of the tertiary industry.

Comrade Sun Weiben said in conclusion: To meet the demand of transition to market economy and to push the economy to a new stage, we should strengthen party building and the work in the ideological and political spheres, strive to enhance the leadership ability and the level of organizing the modernization drive under the given market economic conditions, train and foster a mighty contingent of modern entrepreneurs, strengthen the building of party style and administrative honesty, and resolutely safeguard political and social stability.

Attending today's plenary session were members and alternate members of the provincial party committee, totaling 40 persons. Provincial vice governors; assistant governors; party-member vice chairmen of the provincial committee of the Chinese People's Political Consultative Conference [CPPCC]; and secretaries general of the provincial party committee, the provincial People's Congress, the provincial government, and the provincial CPPCC Committee; secretaries of city and prefectural party committees; mayors; and principal responsible comrades of various departments and committees of the provincial party committee, various relevant departments and bureaus of the provincial government, and relevant central press units stationed in our province attended the session as observers.

Speaks at Closing Session

SK0212020392 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 30 Nov 92

[Text] The three-day 10th Enlarged Plenary Session of the Sixth Heilongjiang Provincial CPC Committee ended this afternoon after fulfilling all items on the agenda. The session called on party organizations at all levels and the broad masses of party members across the province to maintain close connection with the reality, deeply implement the 14th CPC Congress guidelines, continue to persist in reading a book from beginning to the end and grasping a thing from start to finish, implement all tasks mentioned in the work report of the provincial party committee, fulfill the demands set in the overall plan on pushing the economy to a new stage, carry out the 12 major work tasks to be carried out in 1993, and greet the convocation of our province's seventh party congress with concrete deeds.

During the session, the participating comrades thoroughly studied the congress guidelines; listened to a report made by provincial party committee Secretary

Sun Weiben on behalf of the provincial party committee standing committee, entitled: "Study and Implement the 14th CPC Congress Guidelines and Push Heilongjiang's Economic Construction to a New Stage"; discussed and adopted in principle the overall plan on pushing Heilongjiang's economic development to a new stage; and approved the provincial party committee's 1993 major work points.

During discussions, the participants believed that the ideas raised in the provincial party committee work report on accelerating our province's economic development pace in the course of transition to the socialist market economy, the overall plan on pushing Heilongjiang's economic development to a new stage, and the 12 major matters to be carried out in 1993 raised by the provincial party committee have fully reflected the will and desire of the people throughout the province. It is absolutely possible to fulfill them through solid work and strenuous efforts.

Secretary Sun Weiben presided over this afternoon's session. Voting by a show of hands, the session endorsed the resolution on the work report of the 10th Plenary Session of the Sixth Heilongjiang Provincial CPC Committee and on the overall plan on pushing Heilongjiang's economic development to a new stage and the resolution of the 10th Plenary Session of the Sixth Heilongjiang Provincial CPC Committee on convening the seventh party congress.

Sun Weiben gave a four-point suggestion on how to thoroughly study and implement the guidelines of the 14th CPC Congress and of this provincial party committee plenary session. First, conscientiously study and implement the congress guidelines and use the theory on building socialism with Chinese characteristics to arm the party members, cadres and the masses of people across the province. Second, accelerate development and try by all possible means to push our province's economy forward. Third, accelerate the pace of reform on the basis of building the socialist market economic system. Fourth, persist in reading a book from beginning to end and grasping a thing from start to finish, and implement it with strenuous efforts.

Provincial party committee standing committee members, including Shao Qihui, Zhou Wenhua, Ma Guoliang, Tian Fengshan, Wang Haiyan, Chen Yunlin, Xie Yong, Meng Qingxiang, Shan Rongfan, and Tang Zuo-hou, attended today's session.

Jilin Secretary on Opening Up, Development Zones

SK0212020992 Changchun JILIN RIBAO in Chinese 6 Nov 92 p 1

[By reporter Li Yong (2621 0516): "The 31st Standing Committee Meeting of the Seventh Provincial People's Congress Holds the Second Plenary Session to Hear Three Provincial Government Work Reports"]

[Text] The 31st standing committee meeting of the seventh provincial people's congress held its second plenary session on the morning of 5 November to listen to three work reports of the provincial government and the report made by the related special committees under the provincial people's congress on handling of the motions raised by the deputies to the fifth session of the seventh provincial People's Congress.

Vice Chairman Ren Junjie presided over the session.

In his report on the province's opening up and on the situation of development zones, Sun Yaoting, secretary general of the provincial government, said: Since 1988, with the purpose of opening up the province even wider to the outside world, the provincial government has approved to build the Nanhu-Nanling High Technology Industrial Park and Changchun, Hunchun, Qianfu, Jian, and Meihekou economic and technological development zones of different categories. In March 1991 and March 1992, the State Council respectively approved the Changchun Nanhu-Nanling High Technology Industrial Park as a state-level high technology industrial development zone and approved Hunchun city as one of the first group of border open cities of the country. Since the beginning of this year, the provincial government has approved the establishment of the Jilin City Jiangnan High Technology Industrial Development Zone and Yanji, Dunhua, Antu, Tumen, Dehui, Gongzhuling, Daan, Changbai, and Changchun economic development zones. At the same time, some cities, prefectures, autonomous prefectures, and counties have also established some economic and technological development zones which are managed by the authorities of the same level. The establishment of these economic development zones is of great significance in implementing the principle of combining the all-side opening up with the breakthrough in major fields and in giving rise to the new pattern of opening which accelerates the development of the Hunchun-Yanji-Jilin-Changchun along-railway open belt and the Hunchun-Antu-Changbai-Jian along-frontier open belt, with Changchun and Hunchun as the focal cities and with central cities as the supporter. Now, all development zones have drawn up their development plans, strengthened the building of energy, transportation, and communications facilities, carried out relevant preferential policies, and thus achieved gratifying results in conducting economic and technological exchanges and trade cooperation with the outside world.

In his report on the implementation of the "PRC Economic Contract Law," Hu Chunzhou, director of the provincial industrial and commercial bureau, said: Since the promulgation and implementation of the economic contract law, governments at all levels throughout the province have done a lot of jobs around the implementation of the contract law and have played an important role in guaranteeing the smooth progress of the economic structural reform, in fostering good business order, and in protecting the legitimate rights and interests of the interested parties of contracts.

The session's participants also listened to the report made by Zhang Fengshan, director of the provincial agricultural department, on implementing the "Jilin Province Regulations on Management of the Funds Accumulated by the Collective Agricultural Organizations."

Jilin Holds CPC Plenary Session 26-30 Nov

SK0212024192 Changchun Jilin People's Radio
Network in Mandarin 1030 GMT 30 Nov 92

[Text] The Fifth Jilin Provincial CPC Committee held its 10th Plenary Session 26-30 November to study and formulate work arrangements and major policies for implementing the 14th CPC Congress guidelines in line with the reality of the province. Comrade He Zhukang chaired the session and gave an important speech entitled, "Conscientiously Implement the 14th CPC Congress Guidelines and Push Jilin's Reform, Opening Up, and Modernization Drive to a New Stage."

The session discussed and approved in principle the opinions of the Jilin Provincial CPC Committee and people's government on the several questions on accelerating establishment of the socialist market economy system. It unanimously approved the resolution of the 10th Plenary Session of the Fifth Jilin Provincial CPC Committee.

Comrade Gao Yan spoke at the end of the session. He forwarded requirements on how to implement the guidelines of the session and on the work to be carried out in the near future.

Attending the session were 37 members of the provincial party committee; members of the provincial advisory commission; members of the provincial discipline inspection commission; leading comrades of the province as well as cities, prefectures, and autonomous prefectures who were not members of these committee and commissions; and responsible comrades of the pertinent departments directly under the province.

The plenary session held: The 14th CPC Congress was significant in carrying forward the cause pioneered by our predecessors and forging ahead into the future marked another important milestone in the history of our party. The major task in implementing the congress guidelines is to arm our minds with the theory of building socialism with Chinese characteristics; eliminate the leftist influence; update our concepts and change our ideas; no longer regard the things that originally do not belong to socialism as socialist and persist in them; no longer regard the goals that can only be attained after a very long historical period as the tasks that must be fulfilled in a day; and no longer regard all the common achievements of human civilizations that capitalist countries have adopted as things alien without exception and oppose them. If, by further emancipating our minds, we are to thoroughly free ourselves from the shackles of all the outdated concepts that hinder reform, opening up, and the development of productive forces, we should

particularly resolve the issues in five aspects. First, we should thoroughly understand and master the quintessence of the theory of building socialism with Chinese characteristics and further emancipate our minds. Second, we should abandon the understandings of socialism that are not scientific and are even seriously distorted and clarify the essence of socialism as liberating and developing productive forces and ultimately achieving common prosperity. Third, we should thoroughly shake off the puzzle about whether our moves are socialist or capitalist and judge all work based on whether it helps facilitate the development of productive forces, increase the overall national strength, and bring about better living standard, which is the basic criterion. Fourth, we should profoundly understand that building the socialist market economy system is a revolution and eliminate the (?argument) that developing the market economy will disrupt the economic order and crumble the public ownership. Fifth, we should better solve the problem of a lack of strong sense in regarding economic construction as the central task and persistently adhere to the party's basic line without wavering.

The session pointed out: Arming the entire party with the theory of building socialism with Chinese characteristics is both a major task in understanding and an arduous task in practice. The current task of prime importance is to study the 14th CPC Congress documents still better. When judging whether cadres, localities, or departments understand and have a good command of the congress guidelines, whether they emancipate their mind, and whether they change their ideas, we should not see how many times they have read the documents and how many calls they have issued. They key is to see their practice and changes. First, we should see whether they have updated their concepts. Second, we should see whether they have changed the styles and methods of leadership. Third, we should see whether they have boosted the enthusiasm of their cadres and ordinary people. Fourth, we should see whether they have created a new situation in reform and opening up. Fifth, we should see how they have promoted the endeavor of raising the economy to a new level.

The plenary session pointed out: In implementing the congress guidelines, the most important work is, in line with the requirement for developing the socialist market economy, to carry out the various tasks defined at the work conference of the provincial party committee, accelerate reform and opening up, and raise the economy to a new level. Next year is a very important year for us to march toward the socialist market economy system and a crucial year for us to raise our economy to a new level. Next year's major indexes of economic development should be higher not only than this year's but also than [words indistinct]. The guiding thought for Jilin's work is to implement the guidelines of the 14th CPC Congress to the letter, take economic construction as the central task, and, in line with the requirement for developing the socialist market economy, accelerate reform

and opening up and (actively create favorable conditions for promoting the endeavor of raising the economy to a new level). Based on this thought, the province should truly expedite the following work. First, it should expedite the transformation of the operating mechanism of state enterprises, especially large and medium ones, to enable the enterprises to enter the market. Second, it should transform government functions and expedite the reform of administrative systems and the organizational reform. Third, it should make great efforts to cultivate and improve the market system and deepen the price reform. Leaders at all levels should concentrate efforts on market construction. They should put major efforts into the market instead of enterprises as in the past and actively cultivate and improve the market system. Fourth, it should expedite the reform of the distribution system and the social security system. Enterprise contracts already signed should be resolutely honored without change. (Discussions may be held) when conspicuous problems arise. In line with the principle of making the growth rate of the total wage lower than that of economic efficiency and making the increase in workers' actual average income lower than that in productivity, wage plans of enterprises should be decided by enterprises independently, and labor departments should no longer assign wage quotas to enterprises or examine and approve their wages every month. Fifth, it should improve the level of opening up, link the mechanism for economic operation with the world market as soon as possible, open to the outside world in all directions, keep the northeast Asia in view when greatly developing the export-oriented economy, and further develop foreign-funded enterprises. It should renovate enterprises with the advanced technology from abroad to improve enterprises' quality and increase the competitive edges of their products. Sixth, it should restructure the industrial composition in the process of reform, optimize the disposition of resources, strive to increase economic efficiency and growth rate, and maintain a fairly high growth rate in the economy.

The session emphasized: The endeavor of establishing the socialist market economy system sets forth many new and still higher demands on party building and party leadership. Party building should only be strengthened and never slackened; and party leadership should only be improved and never weakened. First, guided by the theory of building socialism with Chinese characteristics, we should conscientiously strengthen party building. Second, focusing on the requirement for establishing the socialist market economy system, we should further strengthen and improve party leadership. Third, aiming at solving the deep-seated problems arising in the new situation, we should make great efforts to achieve success in the spiritual civilization.

The session urged: Based on their specific conditions, all localities and all departments should specify the various tasks put forward at this plenary session, define targets and responsibilities, and exert earnest efforts and carry out practical work to fulfill these tasks. They should pay

close attention to and achieve success in current work and strive to attain this year's targets to raise the economy to a new level.

The plenary session urged: Under the leadership of the party Central Committee with Comrade Jiang Zemin at the core, party members, cadres, and the masses throughout the province should adhere to the party's basic line, conscientiously implement the congress guidelines, make concerted and all-out efforts to achieve progress, and win a new victory in the reform, opening up, and economic construction of the province.

Liaoning Party Forum Discusses Development Plan

SK0212111392 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 1 Dec 92

[Text] The provincial party committee held a forum on the afternoon of 1 December attended by some provincial party committee standing committee members, persons without party affiliation, and responsible persons of the federation of industry and commerce. The purpose was to solicit their opinions on the draft of the outlines formulated by the province for accelerating Liaoning's economic development in the 1990's.

Present at the forum were leaders of the provincial party committee, government, and committee of the Chinese People's Political Consultative Conference, including Quan Shuren, Yue Weichun, Xu Shaofu, Sun Qi, Wen Shizhen, and Liu Qingkui.

Provincial party committee Secretary Quan Shuren chaired the forum. He said: After the 14th CPC Congress, all localities throughout the province, in the process of studying and implementing the congress guidelines, have studied and mapped out measures for expediting reform and opening up in line with their specific local conditions. The provincial party committee and government have conducted investigations and study of the provincial situation and, after giving heed to the opinions of all quarters, have revised the provincial plan for raising its economy to a new level to further specify it.

Quan Shuren urged the participating comrades to air their views freely so that an economic development plan can be formulated that conforms to the guidelines of the 14th CPC Congress and the provincial situation.

Vice Governor Wen Shizhen spoke at the forum to explain the process of the formulation of the plan and the guiding thought for the plan. Comrades Yue Weichun, (Chen Chang), Zhu Weiyong, (Yu Shixian), (Zhao Dongyu), Gao Qingzhou, Liu Chun, (Cheng Hongduo), Gao Jizhong, (Huang Funan), (Li Yingzhang), (Lou Youkun), and (Wu Xijiu) attended to offer opinions and suggestions on the targets and measures of the plan.

Also attending were Dai Hongwu, deputy secretary general of the provincial party committee, and (Zhao Qingliang), director of the provincial planning commission.

Liaoning Conference on Improving Tertiary Industry

SK0212053192 Shenyang Liaoning People's Radio Network in Mandarin 1030 GMT 1 Dec 92

[Text] The provincial conference on accelerating the development of the tertiary industry opened at Shenyang's Liaoning Building today. Governor Yue Qifeng attended to give an important speech. He said: We should stand outside Liaoning to judge Liaoning Province. The province's undeveloped tertiary industry has seriously obstructed its economic development. Therefore, we should understand the great significance in developing the tertiary industry, regard it as a pillar industry in Liaoning's economic development, and expand it to promote a faster development in the primary and secondary industries.

Governor Yue Qifeng pointed out: Liaoning's stagnant development in the tertiary industry is reflected mainly in its inadequate overall quantity, irrational structure, uneven development in different localities, and low level in socialization. People have a backward idea on the development of the tertiary industry. They erroneously hold that the tertiary industry is not a material production section and therefore do not include it in the important sectors of the national economy. They erroneously take the tertiary industry as a welfare undertaking and do not develop it as an economic undertaking. The past economic idea of developing all-embracing undertakings, large or small, for serving ourselves has seriously hindered the development of the tertiary industry. For this reason, an urgent task for the province is to change ideas. We should abandon the outdated ideas that stress production to the neglect of circulation and service, and that stress primary and secondary industries to the neglect of the tertiary industry; and embrace the new ideas that production promotes circulation, and circulation, in turn, promotes production, and that primary, secondary, and tertiary industries should develop in a coordinated manner. We should regard the tertiary industry as a pillar industry of the national economy and strive to expand it. We should abandon the outdated idea that the tertiary industry is a public welfare undertaking meant to supply; and embrace the new ideas that service will also create value and that exchange of equal values should be applied. We should abandon the outdated idea of developing all-embracing undertakings, large or small; and embrace the new idea of large-scale market, large-scale circulation, and large-scale service to raise the level of commercialized and socialized labor service. We should abandon the outdated ideas that public ownership should remain predominant in the tertiary industry, and that tertiary industry should be developed mainly with state allocation; and embrace the new ideas that the various sectors

of the economy coexist, and that allow collective, individual, and private economies a predominant position in some trades. We should abandon the outdated idea that the tertiary industry is inferior to others and change the situation in which many jobs are not done while many people remain jobless. We should abandon the outdated idea that an enterprise should develop only one line of work; and embrace the new idea that an enterprise should develop various kinds of undertakings while emphasizing one to encourage more enterprises to develop the tertiary industry. We should make the best use of Liaoning's numerous favorable conditions for developing the tertiary industry to promote this pillar industry.

Other provincial leaders attending today's session were Wang Guangzhong, Xu Shaofu, Sun Qi, Zhang Guoguang, Ge Xi Fan, Wen Shizhen, Zhang Rongmao, Wang Jiyuan, and Gao Guozhu. The conference will conclude 3 December.

Liaoning Expects Second Best Grain Harvest

SK0212110992 Shenyang Liaoning People's Radio Network in Mandarin 1030 GMT 1 Dec 92

[Summary] Liaoning expects grain output to be 15.1 billion kg this year, the second best harvest in its history. The province purchased by 25 November 37 million kg of grain, accounting for merely 1.1 percent of the contracted purchasing quota and showing a decrease of 500 kg as compared with the corresponding period of last year.

Northwest Region

Qinghai Governor Seeks Rapid Economic Development

HK0212102692 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 26 Nov 92

[Text] The 11th plenary session of the seventh provincial party committee held its second meeting yesterday morning. Sang Jiejia, deputy provincial party secretary, presided over the meeting. Jin Jipeng, deputy provincial party secretary and governor, made a speech at the meeting.

Yin Keshing [provincial party secretary], Tian Chengping [deputy provincial party secretary], Tang Zhengren, Cai Zhulin, Doba, and Xie Jianbing, attended the meeting.

Comrade Jin Jipeng's speech had three parts. First, further emancipate the mind, view economic efficiency as the center, and enable Qinghai's economy to embark upon a good cycle as soon as possible. Second, emphasize key points, and strive for a faster development of the economy in Qinghai. Third, expedite reform and opening up, and provide Qinghai's economic development with a strong motive force.

Jin Jipeng said: To expedite Qinghai's economic development, it is necessary to further emancipate the mind, abandon the concept of a product economy which is closed or semiclosed, overcome the barrier of egalitarianism, and liberate ourselves from the planned economy management model and the extensive management method.

He pointed out: To expedite Qinghai's economic development, it is necessary to thoroughly understand favorable conditions and restraining factors, and to handle properly relations between reform and development during economic construction, between speed and efficiency, between properly running the existing enterprises and expediting development of resources, as well as relations among primary, secondary, and tertiary industries.

Jin Jipeng said: To expedite our province's economic development, the general guiding thought is to view economic efficiency as the center; use the current foundation to expedite development of resources; strive for a faster development speed on the basis of improving quality, optimizing structure, and increasing returns; and enable the national economy to scale new heights faster and better.

He pointed out: According to this guiding thought, the key points which should be stressed are: First, actively adjust agricultural and pastoral structures, and thoroughly develop the economies of agricultural and pastoral zones. Second, diligently transform existing enterprises, and give full play to the function of stocked assets; in this area, it is necessary to make new breakthroughs in adjustment of product mix, technological advancement, strengthening of management, and building of sales teams. Third, rely on several of our specific strong resources to expedite development of resources. Fourth, strengthen construction of infrastructure, and vigorously develop tertiary industry. Fifth, step up efforts to develop science and technology and educational undertaking, and closely integrate science and education with economy.

Jin Jipeng said: According to the reform goal fixed by the 14th Party Congress, and surrounding the building of the socialist market economy system, we must further increase the weight of reform and expedite opening up. The main task is to grasp deepening of enterprise reform,

which centers on change in operating mechanisms, further expand the opening up internally and externally, use more and better use capital, technology, and management experience coming from inside and outside the country, develop various economic sectors, and promote development of social productive forces.

He pointed out that development of various economic sectors includes not only individual economy, which is characterized by individual labor and family operation, but also includes private economy which is characterized by hiring of labors, as well as the cooperative shareholding economy which is characterized by joined efforts and funds by different economic sectors in operation. Concerning the domain and scale of operation, whatever is permitted by law can operate and develop. Not only will the nonpublic-owned economic sector be allowed to operate production, construction, circulation, and transport enterprises, but they are also encouraged to run schools, hospitals, cultural centers, nurseries, and other social service undertakings, in particular, preferential policy will be adopted to encourage them to go to the vast agricultural and pastoral zones to run secondary and tertiary industries to invigorate the commodity economy in those zones.

Jin Jipeng said that according to the demand for connecting to the big market, we must actively develop various kinds of markets, and governments of various levels must make development and construction of markets important on their agendas and build and run markets according to the law of market development. Also, it is necessary to deepen economic restructuring in agricultural and pastoral zones, and promote development of the commodity economy.

Jin Jipeng said: At present, in order to promote development of economic restructuring and to create relaxed external conditions enabling enterprises to walk toward the market, it is necessary to expedite change in the government's role in economic management, and enable it to gradually adapt to the system of a socialist market economy. The key points are to delegate power to the lower levels, streamline the administration, and provide services.

He demanded everyone further emancipate the mind, adopt a pragmatic attitude, and struggle hard to building a socialist market economy system and to allow our province's national economy to scale new heights sooner and better.

Journal Protests 'One China, One Taiwan' Call
HK0212093892 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 46, 16 Nov 92 pp 24-25

[Article by Wang Sheng (3769 0581): "Brief Analysis of Recent Call for 'One China, One Taiwan' On the Island"]

[Text] With the approach of elections for the "Second Legislative Committee" in Taiwan, the "Taiwan independence" forces have become active again. The Democratic Progressive Party [DPP] and the "Taiwan independence" elements who have returned to Taiwan from abroad have started a new wave opposing "one China" and advocating "one China, one Taiwan" on the island.

The DPP has mustered more than 20 "political and social organizations" to form a so-called "One China, One Taiwan Action Alliance." On 4 October, this alliance sponsored a five-hour demonstration advocating "one China, one Taiwan," in which several thousand people participated. During the demonstration, more than 10 "legislative members," who were also members of the DPP, openly declared their political view of "one China, one Taiwan" for the election campaign. Hsu Hsin-liang, president of the DPP, Li Ying-yuen, vice chairman of the "Taiwan Independence Alliance," and others joined the demonstration. They led the demonstrators in shouting slogans such as "there is no way out for one China," "with one China and one Taiwan, the future is bright," "with one China, one Taiwan, security is ensured," and "one China, one Taiwan, Hao Pei-tsun Should Be Overthrown." They propagated the idea of the so-called "one China, one Taiwan" among the masses in order to whip up the feeling of "Taiwan independence." On 8 October, the DPP Central Committee put forward the so-called "Cross-Strait Relations in the Current Stage and Policy Toward China," reiterating the so-called "principle of self-determination by residents." It opposed the Kuomintang [KMT] for one-sidedly working out a "national reunification program" to express its final stand on China's reunification. It opposed any forms of party to party talks, advocating that in the negotiations or consultations between both sides of the strait on routine matters, there should not be any political prerequisites such as "there is only one China." Instead, the relevant issues should be handled in a way giving tacit consent to the status quo. In international and diplomatic affairs, it opposed the "wrong one-China policy" and advocated that Taiwan should "use the international tactics of one China, one Taiwan in a realistic position of independent sovereignty to seek existence in the international community." On the issue of cross-strait economic relations and trade, investment, and social and cultural exchanges, it advocated "establishing a legal order for such contacts in accordance with international law and under the structure of one China, one Taiwan." In this way, its "party program," which is characterized by "Taiwan independence," was taken a big step forward.

At the same time, some key members of the "Taiwan Independence Alliance" who have been living abroad returned to Taiwan one after another. Peng Ming-min, head of the alliance, returned to Taiwan on 1 November. For the first time, the "Taiwan Independence Alliance" held its Central Committee meeting on the island, during which it decided to continue to promote the "movement of one China, one Taiwan" on the island," "so that the masses can understand the real intensive meaning of the Taiwan independence movement." For the moment, "one China, one Taiwan" has become a "flashpoint" for the island's media and there is increasing momentum in "Taiwan independence" activities.

In fact, the so-called "one China, one Taiwan" is a new wrapping for "Taiwan independence." A basic theoretical basis for the advocates of "one China, one Taiwan" is: "China is China, and Taiwan is Taiwan. On each side of the strait there is an entirely different country containing an entirely different nationality." This is exactly the same as the "Taiwan independence" propositions repeatedly advocated by the DPP in the past, such as "Taiwan's sovereignty is, in reality, inferior to that of the Chinese mainland and Mongolia" and "Taiwan should have independent sovereignty in international affairs and not just as a part of the PRC." Only the form has been changed and "Taiwan independence" has been replaced by "one China, one Taiwan."

A Propaganda Method for "Legislative Committee" Election

Last year, on the eve of the "Second National Assembly" election, to win the election the DPP brazenly inserted "the articles concerning Taiwan independence" into its party constitution and participated in the campaign with an appeal for "Taiwan independence." As a result, the voice of "Taiwan independence" created quite a stir at that time. One year later, the voice of "Taiwan independence," in a form of "one China, one Taiwan," becomes rampant again. The main reason is also an election.

The election of the "Second Legislative Committee" will be held on 19 December. This will be the first overall reorganization of the "Legislative Yuan" by the KMT in the past more than 40 years since it fled to Taiwan. After completion of the "constitutional reform," the "Legislative Yuan" will be in a more important position and play a more important role in Taiwan's political structure. For this reason, the DPP regards the coming election as a "key battle" in realizing its purpose of becoming the ruling party. From the very beginning of this year, the DPP has been working hard to make preparations and plans for this election, declaring it will do its best to seize more than 30 percent of the votes and obtain some 50 seats in the 161-seat "legislative committee" so it can triumph in the election. In its propaganda tactics, because of its failure in last year's election for the "Second National Assembly" through advocating "Taiwan independence," the DPP originally decided to change its tactics in this year's "legislative committee" election and play the cards of "public policy" and

"weakening the call for Taiwan independence and giving prominence to public policy demand" to show its "ability to be in power" to the voters. However, since publication of the "Public Policy White Paper," which the DPP beat its brains to work out, it has been criticized by the media for "not conforming with the policy which should be adopted by a political party with the declared goal of becoming the ruling party within six years." The DPP political view of the so-called "three oppositions (opposing military power, opposing privilege, and opposing monetary power) and three demands (demanding reduction of taxes, demanding direct elections, and demanding sovereignty)" has also been ridiculed as "missing the point" and "following the established policies of the party in power." Under such circumstances, the DPP propaganda tactics turned backwards. It believed that the reason for the failure in last year's "National Assembly" election lay, not in the call for "Taiwan independence" itself, but in the fact that the time had been too short to make the call for "Taiwan independence" and the inefficient preparations and propaganda by the media. It even believed that because "Taiwan's political development over the past few years has resulted in increasing support for the voice of one China, one Taiwan and the voice of making Taiwan an independent sovereign state, and the increasing votes for this voice," the call for "Taiwan independence" should not be weakened. Rather, it should be regarded as an important means of propaganda. On 30 September, the DPP formally put forward 17 basic propositions for the election campaign and some common political views. The first proposition was to oppose the "one China" policy and advocate "one China, one Taiwan." They adroitly used public policies as a foil to highlight their principal demand for "one China, one Taiwan" in a bid to use this to underline the "pro-Taiwan independence" image of the DPP and thus strive to gain the initiative in the election. Stimulative Role of "Severing of Diplomatic Relations" Between South Korea and

Taiwan and the U.S. Arms Sale to Taiwan

The "severance of diplomatic relations" between South Korea and Taiwan and the announcement of the sale of 150 U.S. F-16 fighter planes to Taiwan in August and September this year produced a great stimulative role on the "Taiwan independence" forces. This was another reason for the new wave of "one China, one Taiwan."

The establishment of diplomatic relations between China and South Korea and the "severance of diplomatic relations" between Taiwan and South Korea indicated a great setback in Taiwan's "realistic diplomatic" policy. The DPP members in the "Legislative Committee" and some "Taiwan independence" scholars were greatly stirred by this. They declared that "if Taiwan had been used as the name of the state, the severance of diplomatic relations with South Korea would not have happened" and criticized the KMT, saying "the policy of one China was suicidal and the main reason for the setbacks in diplomatic affairs." They believed that "the

international community does not recognize the 'Republic of China [ROC]' or the representation of China by the KMT regime but this in no way means that it does not recognize Taiwan as a state. An equals sign cannot be put between the two." It so happened that in striving for victory in the presidential election, U.S. President Bush, disregarding the Sino-U.S. "17 August Communiqué," announced the sale of 150 F-16 fighters to Taiwan. Then the "Taiwan independence" advocates, who were wild with joy at this, became more enthusiastic in advocating "Taiwan independence." On 27 August, the DPP's "National Assembly Party Group" issued a statement on its "policy of one China, one Taiwan and opposition to any KMT-CPC talks." It declared that it wanted: "To determine the policy of one China, one Taiwan; establish an international position for Taiwan's independence and sovereignty; and to establish diplomatic relations with other countries and enter the United Nations and other international organizations by realistic diplomatic means and in a pattern as Taiwan's participation in the GATT under the name of 'Taiwan, Quemoy, Penghu, and Matsu.'" On 3 September, more than 20 organizations, including the "Taiwan Independence Alliance," established a "One China, One Taiwan Action Alliance" and issued a "founding declaration" which advocated abolishing the diplomatic policy of "one China," joining the international cultural and economic organizations under the name of Taiwan, pursuing the position of a sovereign state, and "internationalizing" the Taiwan issue. It demanded that the Taiwan authorities: "Seize the opportunity of the new times; thoroughly change diplomatic policy; shake off the yoke of one China; face the problem of Taiwan's sovereignty squarely; and solve the problem concerning the name of Taiwan as a state, so that it can return to the international community in a pattern of one China, one Taiwan."

Wave Has Something To Do With Vacillation by Taiwan Authorities on Question of "One China"

Over the past year or so, the Taiwan authorities have defined the cross-strait relations as "one country, two equal political entities" and have been working hard to seek "dual recognition" from the international community. In reality, this practicing pursuit of the policy of "two Chinas" under the pretext of "one China." As the CPC has always been firm on its basic stand of "one China," the Taiwan authorities' policy of "two Chinas" has run into snags everywhere. This March, the Association for Relations Across the Taiwan Straits and the Straits Exchange Foundation discussed the matters concerning the testing and verification of documents between both sides of the strait. However, because the proposal by the former to establish the principle of "one China" was not accepted by the latter, no agreement was reached at the negotiations.

To remove the "yoke" of "one China," which could not be brazenly discarded but which was a restriction everywhere, to eradicate the difficult issue of "one China" and find a theoretical basis for the policy of "two Chinas," the KMT's "Mainland Work Guidance Group" and the

"National Reunification Committee Research Committee" held many meetings in April and May to study the meaning of "one China." They reach an initial common understanding as follows: "One China" refers to the period before 1949 and after the national reunification. At present, China is a "historic, geographic, national, and cultural" China, which is not the "ROC" or the "PRC." In the current stage of a split China, there are two equal "political entities," and the issue of sovereignty should be suspended or frozen. Later, some people in the KMT proposed to explain "one China" with the so-called theory of "split country" and the "theory of reexplanation of sovereignty" and realize "coexistence of two independent Chinas in the international community," just as two Germanies and two Koreas. Although the "National Reunification Committee" defined later that "one China refers to the ROC since its founding in 1912," the discussion on the meaning of "one China" fully shows that the Taiwan authorities had vacillated on the principled question of "one China." This had, to certain extents, provided the "Taiwan independence" forces and "one China, one Taiwan" advocates with basis and pretexts. The media in Taiwan believed that although the new wave of "one China, one Taiwan" is inseparable with the "Taiwan independence nature" of the DPP, the KMT's practice of shouting the slogan of "one China" while "running

counter to this principle in reality" is also a cause. "The KMT uses one China as a package for two Chinas while the DPP uses one China, one Taiwan as a package for Taiwan independence. Both have based cross-strait relations on two countries and two governments. There is no essential difference between the two."

Vice Premier Wu Xueqian Meets Taiwan Investors

OW3011024692 Beijing XINHUA Domestic Service in Chinese 1042 GMT 28 Nov 92

[Text] Beijing, 28 Nov (XINHUA)—Vice Premier Wu Xueqian had a meeting at the Diaoyutai State Guesthouse this afternoon with an eight-member group headed by Lin Bochuan and Fang Xiang, respectively president and executive vice president of the Association of Taiwan-Funded Enterprises in Hainan.

Present at the meeting were Wang Zhaoguo, director of the State Council Taiwan Affairs Office, and Tang Shubei, executive vice president of the Association for the Promotion of Cross-Strait Relations.

Vice Premier Wu Xueqian had a friendly talk with Lin Bochuan, Fang Xiang, and other members of the group.

U.S. Trade Representative Continues Visit**Visits Finance Ministry**

OW0212055692 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 1 Dec 92

[From the "Hookup" program]

[Text] The visiting U.S. Trade Representative Carla Hills paid a visit to the Ministry of Finance yesterday afternoon, expressing the hope that our country would lower tariffs on agricultural products.

The Ministry of Finance has already decided to reduce tariff rates on imported agricultural products; the nominal rates will be decreased from 21 percent at present to less than 19 percent—the reduction will be at least two percentage points.

According to (Wang Te-huai), director of the Tariff Policy Department under the Ministry of Finance, the nominal tax rate on agricultural products is 21.63 percent; however, the tariff rates on imported apples, pears, lemons, grapes, grapefruits, and watermelons are more than 40 percent.

(Wang Te-huai) said: The Tariff Policy Department has started revising the tariff regulations. Tariff rates on agricultural products will be reduced to less than 19 percent. High tariff rates on other agricultural products will also be decreased.

But (Wang Te-huai) declined to disclose details.

(Wang Te-huai) then said: The tariff rates on agricultural products may be a major topic to be discussed in the negotiations for our country to accede to the General Agreement on Tariffs and Trade. The Ministry of Finance will discuss with the Agriculture Commission about readjusting tariff rates on agricultural products.

Meets Economics Ministers

OW0112154992 Taipei CNA in English 1516 GMT 1 Dec 92

[Text] Taipei, Dec. 1 (CNA)—The visiting U.S. trade representative Carla A. Hills Tuesday met with high-ranking officials of the Republic of China [ROC] to discuss intellectual property protection and other trade issues between the two countries.

In a meeting with Economics Minister Vincent C. Hsiao and members of the Interagency Intellectual Property Rights Task Force, Hills urged the ROC to better enforce intellectual property protection measures.

"These issues are crucial to maintaining Taiwan's competitive position in the region," she said, adding "the old reasons for investing—such as cheap labor—are virtually gone. The new reasons—Taiwan's well-educated, motivated and creative work force—must be reinforced by laws that protect the fruits of their labors".

She cited compact discs, computer software, cable TV systems, pharmaceuticals and agricultural chemical products as the areas to which she thought the nation's intellectual property protection efforts should be guided.

Expressing her concerns over the access of U.S. products to the Taiwan market, Hills didn't hesitate to say that she is here to help tap the market for US enterprises.

During the meeting, Vice Economics Minister H. K. Chiang, Vice Foreign Minister Chen Chien-jen, Government Information Office Director-General Jason C. Hu briefed Hills on the implementation of intellectual property protection measures here.

Later, Hills called on Finance Minister Pai Pew-ying to exchange views on the reduction of the nation's tariff rates, the opening of the local market to foreign services industries and other issues. Pai told his visitor that the nation's average tariff rate has been reduced to a level that is only one percent to 1.5 percent higher than America's.

As to the higher tariffs for imported farm goods, Pai said that they are common in other countries. However, he promised to proceed with the opening of the domestic market to foreign services industries.

In a meeting with Chang Ling-sheng, director general of the Environmental Protection Administration, Hills called for a fair chance for American companies to bid for the pollution control projects under the nation's six-year National Development Plan.

Hills, the first U.S. Cabinet-level official to visit the ROC in 13 years, is scheduled to address the joint conference of the ROC-USA and USA-ROC Economic Councils Wednesday.

Discusses U.S. Interests

OW0212104192 Taipei CNA in English 0811 GMT 2 Dec 92

[Text] Taipei, Dec. 2 (CNA)—After a working breakfast with American businessmen in Taiwan Wednesday morning, US Trade Representative Carla Hills met with Republic of China [ROC] officials in charge of agriculture, transportation and communications.

She told officials of the Council of Agriculture that the ROC should review its tariff system on agricultural products and regulations on import inspection in order to win support of the United States in applying for membership of the General Agreement on Tariffs and Trade (GATT).

In a later meeting with Transportation and Communications Minister Chien Yu-hsin, Hills raised questions about the opening of Taiwan's telecommunication market and inland transportation rights. She emphasized the American interest in participating in construction projects of the ROC's six-year National Development Plan.

President Li Receives U.S. Senators 1 Dec

OW0212092992 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 1 Dec 92

[From the "Hookup" program]

[Text] Meeting yesterday [1 December] with two U.S. delegations currently visiting China, President Li Teng-hui stressed: The United States has decided this year to sell F-16 jetfighters to the Republic of China [ROC] and the U.S. Trade Representative Carla Hills has come to China to attend the joint conference of the ROC-U.S. and U.S.-ROC Economic Councils. Both these facts show that Sino-U.S. relations have entered a new stage and have become closer and friendlier.

President Li said: To maintain and strengthen the traditional friendship between China and the United States has been the major foreign policy consideration of the ROC. At present, we are actively and pragmatically developing multilateral diplomatic, economic, and trade relations with foreign nations. And this basic attitude will remain unchanged.

At the presidential palace yesterday, President Li separately met with the visiting U.S. Senator Cranston and Senator and Mrs. Murkowski, and representatives to the 16th joint conference of the ROC-U.S. and U.S.-ROC Economic Councils. He indicated to the two senators: Many long-standing problems between China and the United States, including the trade imbalance, human rights, and ecological protection issues, have been gradually resolved. These have not been accomplished overnight; they are results accumulated by our efforts over many years—successfully resolved when the conditions have been ripe.

Discusses 'New' Political Era

OW0212104092 Taipei CNA in English 0816 GMT 2 Dec 92

[Text] Taipei, Dec. 2 (CNA)—The Republic of China [ROC]'s political development will enter a new era following the election of a new legislature later this month, President Li Teng-hui said Tuesday.

Li made the remarks while receiving US Senators Alan Cranston (D-CA) and Frank Murkowski (R-ALAS) who are on a week-long visit here.

Li told the senior American Senators that the Dec. 19 legislative election will be the most open electoral competition ever held in Taiwan.

"It is the first time the entire Legislative Yuan is up for election," Li noted. "With a new legislature fully reflecting public opinion, our democratic reform will enter a new stage," he added.

It has been ROC's chief foreign policy goal to strengthen its traditional relationships with the United States, Li stressed. "Even though we are seeking to expand our

diplomatic frontiers and diversify our export markets," he added, "our basic policy of maintaining close ties with the US will never change."

The president said he is optimistic about the future of Sino-US relations now that several thorny problems between the two countries, such as the trade imbalance, human rights and environmental protection, have been resolved.

Cranston and Murkowski arrived in Taipei Sunday. They will attend the annual joint meeting of the ROC-USA and USA-ROC Economic Councils scheduled to open Wednesday afternoon.

Independence Supporters Warned Not To Provoke PRC

OW0212091192 Taipei Voice of Free China in English 0200 GMT 2 Dec 92

[From the "News" program]

[Text] Premier Hao Po-tsun said on 30 November that residents in Taiwan should not run the risk of provoking the People's Republic of China to invade Taiwan by calling for Taiwan independence.

Hao told the meeting attended by town and village officials in a county of Kaohsiung that he does not pay attention to the supporters of Taiwan independence movement who have stepped up their criticism of him for opposing independence. This was because such a stance against independence would be in the interest of Taiwan people, he said. Hao also rebuked accusations that he did not care for Taiwan because he was a mainlander, emphasizing that he has no reasons to dislike Taiwan, where he has lived for more than 40 years. Hao reiterated that one China, one Taiwan, was just another term for Taiwan independence as that means that the PRC and Taiwan were two independent nations.

Direct Cross-Strait Air Links 'Impossible'

OW0112104592 Taipei CNA in English 0809 GMT 1 Dec 92

[Text] Taipei, Dec. 1 (CNA)—A ranking mainland affairs official reiterated Monday that opening direct flight routes between the two sides of the Taiwan Straits is still impossible, with many [words indistinct] there are a lot of problems waiting to be resolved.

Ma Ying-eou, vice chairman of the cabinet-level Mainland Affairs Council, made the remarks in a meeting with representatives of local airlines Monday.

"The government is unlikely to alter the existing policy until the Chinese Communists accept the Republic of China [ROC] Government as a political entity equal to that of the Peking regime, and promise not to take Taiwan by force," Ma said.

Besides, such issues as nationality, the national flag and the authentication of legal documents need to be solved before direct air links are made possible, Ma said.

Some local airlines have signed cooperation agreements with their mainland counterparts in anticipation of the establishment of direct air routes. Ma stressed the agreements will not be authorized by the government.

At present, Ma said, the government does not intend to give the go-ahead to contacts between civil airlines on the two sides, since such permission would necessitate immediate official government contacts, exchanging offices and other problems it does not wish to take on right now, he explained.

Straits Official Rejects Aviation Pacts With PRC

OW0212083292 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 30 Nov 92

[By Chen Ting-yuan; from the "Hookup" program]

[Text] Ma Ying-chiu, vice chairman of the Executive Yuan Mainland Affairs Council [MAC], said: Before the formal initiation of direct air links across the Taiwan Strait, any agreements signed between domestic airlines and their mainland counterparts will not be recognized. Ma Ying-chiu also denied reports on the government's procrastination in opening direct air services, stressing that the government is now speeding up talks on general issues in preparation for the more complicated issue of opening direct air services in the future. Here is a report by Chen Ting-yuan:

[Chen] Following an airline representatives' seminar on opening direct air routes across the Taiwan Strait, Ma Ying-chiu, vice chairman of the Executive Yuan MAC, stated: In handling cross-strait affairs, the government is currently adopting a strategy of proceeding from simple and easy issues to complicated and difficult ones. Vice Chairman Ma noted: We still need to further study the issue of determining the timetable for opening direct air routes. He added: We are currently accelerating talks on general issues across the Taiwan Strait in order to resolve technical questions, such as the question of one China. These issues, which are being encountered in the process of verifying legal documents, will inevitably be addressed when we discuss the opening of direct air routes.

[Begin Ma recording] We should speed up our current talks on general issues across the Taiwan Strait. We should first resolve general and technical issues; otherwise, we cannot settle the much more complicated issue of direct air services. We should proceed from simple and easy issues to complicated and difficult ones. This will help us solve problems. [end recording]

[Chen] Ma Ying-chiu added: We should not take a simplistic approach toward the issue of direct air services, which should be discussed along with other relevant issues. In holding talks with Mainland China on opening direct air routes across the Taiwan Strait, we shall have to deal with matters involving the establishment of offices in areas under Mainland China's administration, a surge in direct trade volume, the relocation of more local manufacturing facilities to the mainland, and structural changes in cross-strait relations. Therefore, any agreements signed between local airlines and their mainland counterparts will not be recognized before the government initiates direct air services.

[Begin Ma recording] We both have Ministries of Transportation and Civil Aviation Administrations. Without the involvement of these agencies, any agreements signed between local airlines and their mainland counterparts will not be recognized. [end recording]

[Chen] Ma Ying-chiu also stated: To establish direct air services, we should consider such political issues as Communist China's claim to be the sole political entity representing all of China, the legal issues involving [words indistinct], and matters of national defense and security.

(Pan Cheng-teh), chairman of Great China Airlines, stated: As I understand it, Mainland China is not pressing for direct air services as hard as it did two years ago. Civil aviation companies in Mainland China are more interested in indirect air services.

Mainland Group Writes Taipei on Meeting Date

OW0112125492 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 30 Nov 92

[By correspondent Yang Hsin-huei; from the "Hookup" program]

[Text] The Chinese Communist Association for Relations Across the Taiwan Strait [ARATS] sent a letter to the Straits Exchange Foundation [SEF] yesterday proposing to hold preparatory consultations in early December to arrange talks between Ku Cheng-fu and Wang Daohan as well as to hold formal talks between the two in late December. Initially, SEF considered the timetable a little bit hasty and asked the Mainland Affairs Council [MAC] for instructions. MAC is still studying the proposal. The following is a report by correspondent Yang Hsin-huei:

The ARATS letter to SEF has two main points. First, ARATS hoped to resolve as early as possible the differences over document verification left over from their last consultations in Hong Kong; however, ARATS did not propose specific solutions. Second, as regards talks between Ku Cheng-fu and Wang Daohan, ARATS said the decision to hold the Ku-Wang meeting was welcomed by people on both sides of the Taiwan Strait, and therefore it was high time to hold consultations on the

meeting. Thus the Chinese Communists clearly suggested the two sides hold consultations in early December and formal talks in late December.

SEF spokesman Shih Chi-Ping said: [Begin recording] Their specific proposal is to hold preliminary consultations either in Beijing or Taiwan, or any other suitable place on the mainland, or in Chinmen [Quemoy] in early December, and to have the formal meeting materialize in late December. As to the location for their meeting, ARATS said they would positively consider President Ku's request. [end recording]

SEF President Ku Cheng-fu said he himself could not decide how to respond to the ARATS proposal. SEF has informed MAC it would make a decision after consulting with MAC. President Ku Cheng-fu said he would go to Japan to attend the East Asian Economic Cooperation Conference following the annual Sino-U.S. economic meeting, and therefore was not sure if he could call the preparatory meeting at the time suggested by ARATS.

Ku Cheng-fu said: [begin recording] I have just read the letter, but I still need to consult with the departments concerned. I can not decide by myself. [end recording]

Economics Ministry To Set Up Mainland Committee

OW0212102492 Taipei CNA in English 0750 GMT 2 Dec 92

[Text] Taipei, Dec. 2 (CNA)—The Ministry of Economic Affairs (MOEA) Tuesday decided to set up a Mainland Affairs Committee in charge of all economic and trade affairs as well as investment in Mainland China.

During a preparatory meeting, MOEA decided that while economic and trade relations are becoming more and more important as the result of more open exchanges across the Taiwan Straits, it was necessary to set up a special task force to manage all related affairs.

The Mainland Affairs Committee will be comprised of two departments, one taking charge of research work in related policies and laws, and the other being responsible for assistance and guidance to domestic firms.

At present, the MOEA agencies overseeing economic and trade affairs as well as investment on the mainland include the investment commission, the Industrial Development Bureau, the Science and Technology Advisory Office, and the Industrial Development and Investment Center.

Better Protection for Mainland Investments Urged

OW3011124992 Taipei CNA in English 0822 GMT 30 Nov 92

[Text] Taipei, Nov. 30 (CNA)—Domestic manufacturers should work together to gain better protection for their investments on the China Mainland, economists and investors said Friday.

Since Beijing authorities show no intention to sign an investment guarantee agreement with Taiwan, they pointed out, domestic businessmen who have made investments on the mainland need to guard themselves against any possible risks.

Kao Chang, a ranking official of the government-funded Chunghua Institute for Economic Research, recommended that Taiwan investors pattern themselves on their Japanese counterparts by putting pivotal technologies in their grasp, thereby keeping roots at home.

If Taiwan investors get a upper hand in technical know-how, mainland authorities will be more hesitant before taking any "irrational" acts against them, Kao pointed out.

Another economics scholar, Yeh [first name indistinct], noted that domestic enterprises boast competitiveness in marketing, capital, management, and machinery manufacturing, which play an important role in trade ties between the two sides of the Taiwan Straits.

He urged Taiwan investors to cooperate among themselves in seeking more investment incentives from mainland authorities. Concerted efforts will pave the way for greater collective strength, he stressed.

An investor, Tsai Yuan-sung, president of the Chankun Electric Co., said "It's quite essential for Taiwan entrepreneurs to take the initiative in their mainland investments."

Taking his own firm as an example, he elaborated that investments in Xiamen totaled US\$10 million with business turnover reaching US\$45 million last year. Currently, the firm is planning to set up production facilities in Chengdu, Haikou, Shanghai, and Shenyang, he said.

Tsai stressed that the company, well known for its small electric appliances, keeps its research and development department in Taiwan.

Moreover, with a view to safeguarding the continued growth of the enterprise, he said, the domestic R&D [research and development] section will be expanded as a design center, while the mainland will be developed into a production base.

Yeh Kuo-yi, chairman of Intel Column said his company has engaged in the development of computer software in Shanghai but had assembly and production plants in Taiwan.

Only with Taiwan headquarters issuing directives would the interests of domestic investors be best protected, he noted.

In the face of ever-increasing mainland investments, officials of the Ministry of Economic Affairs pledged that the government will do its best to help domestic manufacturers seek the "vertical division of labor" across the straits.

The "vertical" cooperation means that domestic companies relocate labor-intensive production lines to the mainland and keep assembly plants here, they explained.

Besides, they pointed out, imports of mainland half-processed products, which are still banned here, will facilitate the cooperative system.

In this way, the mainland's future economic development will become more dependent on Taiwan, which has the advantage of advanced technologies, management, capital, and marketing, they said.

Mainland Scholars Arrive for Visit

OW2811110292 Taipei CNA in English 0816 GMT 28 Nov 92

[Text] Taipei, Nov. 28 (CNA)—A four-member delegation from the Taiwan Institute of Xiamen University, led by Institute Director Chen Kongli, arrived in Taipei Friday [27 November] for an eight-day visit.

The "Taiwan experts" are here mainly to attend the cross-straits academic exchange seminar being sponsored by Soochow University.

Chen Kongli, one of the most prestigious scholars on Taiwan affairs on the mainland, said upon arrival that he is deeply looking forward to seeing the real Taiwan. "After decades of researching Taiwan affairs on paper, I am glad that I am finally here to experience Taiwan personally. Seeing is believing."

The other three members accompanying Chen were Fan Xizhou, deputy director of the Taiwan Institute, Xiamen U. [University] and Professors Han Qin Hai and Weng Chenshou, also of the institute.

The scholars will call at Academia Sinica, Chinese Culture University and Tamkang University during their stay in Taiwan.

Russia Urged To Develop in 'Stable Environment'

OW0212103792 Taipei CNA in English 0758 GMT 2 Dec 92

[Text] Taipei, Dec. 2 (CNA)—Premier Hao Po-tsun said Tuesday that the Republic of China [ROC] would like to see Russia develop its politics and economy in a stable environment.

Meeting N.I. Ziatkov, deputy in chief of a Russian weekly, and two other Russians, Hao said the effects of Russian reforms will probably be seen several years from now.

Hao praised former Soviet Union President Mikhail Gorbachev for his great contribution to maintaining world peace.

"Gorbachev dedicated himself to dissolving the nuclear crisis, helping mankind to get rid of a possible nuclear holocaust," the premier commented.

He also expressed his admiration for Gorbachev being able to relinquish his own power for the sake of his ideals. That is indeed a "hard choice," he noted.

Hao welcomed his three guests who have come to Taiwan to study the government's land reform.

Hao stressed that it should be easier to push ahead with land reform in a country where all farm lands are state-owned.

He suggested that Moscow adopt a measure under which farmers will have their own land in twenty years or longer. Such a measure will boost productivity, he added.

Japan Urged To Adopt 'More Practical Policy'

OW0212102592 Taipei CNA in English 0754 GMT 2 Dec 92

[Text] Taipei, Dec. 2 (CNA)—Vice Economics Minister P.K. Chiang Tuesday urged the Japanese Government to adopt a more practical policy towards the Republic of China [ROC].

Chiang said that most important countries have sent cabinet-level officials to visit the ROC in recent years in a bid to improve relations with the nation, with Japan being the only exception.

Some leading newspapers in Japan, amid US Trade Representative Carla Hills' current visit here, published editorials Tuesday analyzing the issue.

Chiang said Sino-Japanese ties should have been closer than they have been, in consideration of geographical, cultural and economic reasons.

"But the Japanese Government has been unwilling to upgrade the level of communication with the nation because it has cared too much about the response from Beijing," Chiang said.

Chiang said he is confident that there will be higher level communications between the two nations and that Sino-Japanese ties are set to grow in the future.

It is understood that the meeting between Economics Minister Hsiao Wan-chang and his Japanese counterpart during last year's Asia-Pacific Economic Cooperation Conference was the first high-level official contact between the two nations since Japan shifted its recognition from Taipei to Beijing in 1972.

Taipei Not To Join Montreal Protocol as 'Province'

OW0212101692 Taipei CNA in English 0744 GMT 2 Dec 92

[Text] Taipei, Dec. 2 (CNA)—The Republic of China [ROC] will not join the Montreal Protocol as a "province" of Communist China, Vice Economic Affairs Minister P.K. Chiang said categorically Tuesday.

Chiang was commenting on reports that the protocol authorities will regard Taiwan as part of Communist China while tracking its use of chloroflourocarbons (CFCs).

"The reports are misleading and totally groundless," Chiang stressed.

Taiwan is not a signatory of the multilateral protocol, which took effect on Jan. 1, 1989. The protocol freezes the global consumption of CFCs—widely used in consumer goods such as air conditioners and as industrial solvents—at 1986 levels, and phases them out by 1995.

The agreement also calls on signatory nations to impose sanctions on countries that do not join efforts to reduce CFC consumption.

ROC delegates presented an oral statement at the protocol's fourth council meeting in Copenhagen last week explaining the country's efforts to restrict CFC consumption.

Mainland China, as one of the signatories of the protocol, stated on the same occasion that all statements and reports on Taiwan's progress on CFC reduction should be submitted under its supervision.

Chiang said as the ROC delegates made the statement independently, it meant that the ROC is recognized as a separate political entity differently from Mainland China.

Through the statement, Chiang said, the country has made it clear that the ROC has been doing a good job in following the protocol's regulations.

Premier Meets With Swedish Vice Minister

OW0212101592 Taipei CNA in English 0747 GMT 2 Dec 92

[Text] Taipei, Dec. 2 (CNA)—Premier Hao Po-tsun expressed the hope Tuesday that Taiwan and Sweden will strengthen trade cooperation and scientific exchanges.

The premier made the remarks while meeting with Swedish Vice Transport Minister Per Egon Johansson.

Hao told the Scandinavian guest that Sweden boasts advanced technologies in such fields as automation and telecommunications, in which Taiwan could learn a lot.

Johansson said that his country also hopes to boost ties with Taiwan. Sweden supports Taiwan's bid to join the General Agreement on Tariffs and Trade, and Taiwan manufacturers are welcome to make investments in Sweden, he noted.

He was accompanied during the visit by Ma Chen-fan, vice transportation and communications minister, and M.H. King, chairman of the Chinese-Swedish Business Council.

Government To Seek Cooperation With Arbitration Groups

OW0112105492 Taipei CNA in English 0832 GMT 1 Dec 92

[Text] Taipei, Dec. 1 (CNA)—Taiwan will make greater efforts in signing cooperation agreements with arbitration groups from 126 countries which have maintained trade ties with Taiwan, Economics Minister Hsiao Wan-chang said Monday.

Hsiao made the remarks in an address to the congress of the Commercial Arbitration Association (CAA) Monday [30 Nov].

Hsiao noted that his ministry would help businessmen here solve trade disputes rather than taking them to the court.

The CAA has signed cooperation agreements with its counterparts in South Korea, Japan, Spain, Thailand, Switzerland, and the United States.

The 211-member association is also consulting with Panama, Hungary, New Zealand, and South America about signing similar agreements.

Hsiao noted that for an arbitration system to take root in Taiwan, it is necessary to invite just and objective experts for it to achieve authority and credibility.

He urged the CAA to seek cooperation with international arbitration institutes.

Foreign Relations 'Continuously Expanding'

OW0112105292 Taipei CNA in English 0829 GMT 1 Dec 92

[Text] Taipei, Dec. 1 (CNA)—The nation's foreign relations have been continuously expanding under a pragmatic policy, Foreign Minister Chien Fu said Monday.

Chien has just returned from an intensive tour of island nations in Asia, including Guam, Tonga, Fiji and Singapore. The tour, according to Chien, was "tremendously fruitful." In Singapore, Chien met with highest-level ranking officials, indicating the positive and growing ties between Taiwan and Singapore.

In Guam, he was invited to make a speech to a conference of the Western America Legislature. Chien also called on Gov. Joseph F. Ada, speaker of the Guam Legislature, and other officials.

The minister disclosed that Guam will extend three-month visa-free privileges to Taiwan visitors in the near future to attract tourist and investors from Taiwan.

In Fiji, Chien called on the prime minister and foreign minister. Chien and the foreign minister, who is also civil aviation minister, discussed the feasibility of signing an air link agreement between the two countries.

In Tonga, Chien donated US\$1.5 million on behalf of the Republic of China Government to the Tongan Foreign Ministry for the building of a museum devoted to the late queen of the country.

Chien highly recommended emulating a mutual-recognition formula adopted recently between Taiwan and Vanuatu for Taiwan and other South Pacific nations for pursuing future relations.

Laos Proposes Opening Air Route to Taipei

OW301125092 Taipei CNA in English 0809 GMT 30 Nov 92

[Text] Taipei, Nov. 30 (CNA)—Laos has proposed opening a direct air link with Taiwan, a transportation official said over the weekend.

Chang Hu, chairman of Laos Aviation International, presented the proposal in a meeting with Yuan Hsing-yuan, director of the Civil Aeronautics Administration, last Saturday.

"The purpose of Chang's visit is to seek a partner here while pushing for aviation links with the Republic of China," Yuan told the press.

But Yuan added that they had not discussed details of opening the air route during the meeting.

Relations With Latin America 'Growing Steadily'

OW0112100792 Taipei CNA in English 0748 GMT 1 Dec 92

[Text] Taipei, Dec. 1 (CNA)—Relations between the Republic of China [ROC] and Latin American countries have been growing steadily, Vice Foreign Minister Chen Chien-jen said Monday.

Speaking at the opening of the "Central and South American Cultural Week" activity in the morning, Chen said that the region, rich in natural resources, is set to play a more important role internationally amid the ongoing trend of regional economic integration.

He said that the ROC is not only maintaining diplomatic relations with 16 Latin American countries, but has also established very close cooperative ties with other nations in the region.

Chen said that the ROC has currently stationed 17 agricultural missions, five fishery missions, two electrical power missions and one mineral mission in Central and Southern American countries to share with them the nation's experience in economic development.

The "Central and Southern American Cultural Week" activity, which features an exhibition of cultural items, seminars, and movies, is being sponsored by Tamkang University.

Chen said that the activity will be helpful in deepening local people's understanding of Central and Southern America.

Leading Banker Keen on Investing in Philippines

OW0112104292 Taipei CNA in English 0752 GMT 1 Dec 92

[Text] Taipei, Dec. 1 (CNA)—A leading banker said here he would take part in the development of Subic Bay in the Philippines.

Koo Lien-sung announced Monday in a meeting of the Chinese National Association of Industry and Commerce that the China Trust Commercial Bank and the Koo Group would take the lead in the development plan of Subic Bay following the withdrawal of US troops.

Koo also proposed in the meeting that domestic financial institutions join hands with banks in Japan, Hong Kong, Korea and Singapore to provide loans to developing countries which need money to improve their infrastructure, with the endorsement of the Asia Development Bank and the World Bank.

Koo also said in the meeting that he will head a delegation to attend the first Sino-Brazil Economic Conference in Brazil, and would also visit Paraguay, Chile and Argentina.

Koo said that he hopes to forge closer trade relations with the countries in a short time to diversify investments which are currently focused on south east Asia.

Koo also said that he would visit India soon to tap the possibilities of opening up bank branches, cement and petrochemical plants there.

Trade With Portugal Increases in First 10 Months

OW3011173792 Taipei CNA in English 1441 GMT 30 Nov 92

[Text] Madrid, Nov. 30 (CNA)—Two-way trade between the Republic of China [ROC] and Portugal in the first 10 months of 1992 totaled US\$154.6 million, up 10 percent as compared with the same period last year.

According to customs statistics, the ROC exported US\$133.7 million worth of products to Portugal during the 10-month period, up 10.9 percent from a year earlier. Its imports from Portugal increased five percent to US\$20.9 million.

As a result, Portugal's trade deficit with the ROC increased 13 percent to US\$112.8 million.

Portugal is the penultimate trade partner of the ROC in the European Community, only ahead of Luxembourg.

Political Effects of Legislative Elections

OW3011133892 Taipei CHINA POST in English 25
Nov 92 p 4

[Editorial: "Too Many Candidates Chasing Too Few Seats"]

[Text] Public attention is focusing on the Dec. 19 legislative (parliamentary) elections, which will not only be the most competitive in the history of Taiwan's electoral politics, but will also have far-reaching effects on the island's political development.

Altogether 351 candidates have registered to run for 125 district legislative seats. In some of the districts, such as those in Taipei City and the neighboring Taipei County, the number of candidates is more than three times that of the seats up for contest.

There are also constituencies in which the two major parties, the ruling Kuomintang (KMT) and the opposition Democratic Progressive Party (DPP), each have a number of candidates campaigning for one seat.

This means that many KMT and DPP candidates will have to compete fiercely with people from their own ranks as well as with those from their rival parties. There are also candidates from several minor parties that are running as independents.

With the election expected to be intensely competitive, the central and local election committees must see that all candidates campaign by the rules of the law to ensure fair competition.

Law-enforcement authorities must, in particular, seek to prevent vote-buying. Allegations of such corrupt practices already are widespread, and some involve gangsters that use unlawful means to help win elections.

One major reason for so many people wanting to run for legislative offices is because of the expansion in Taiwan's middle class in recent years. As people get richer and their educational level increases, they tend to desire for a role in the operating of government.

Also, Taiwan now has more political, business and other civil groups with the increase in social pluralism. They all want to have a voice in the Legislative Yuan, which is undergoing its first full elections in decades and will become the center of Taiwan's political power.

The opposition DPP is for the first time challenging the ruling KMT with public policies. But the DPP's long-standing advocacy for Taiwan independence remains its major political theme.

This differs from the KMT's one-China policy, a policy which preserves the status quo of division with the mainland until after the political and social differences are narrowed and reunification of the two sides is possible.

In its initial estimate, the DPP predicts it could win up to 45 seats, a little more than 30 percent of the legislature's total 161 members, including six to be elected from overseas Chinese communities and 30 to be awarded to each party proportional to the vote the party receives in the district elections.

This means that even if the DPP can win this estimated number of seats, it will still be unable to achieve its long-cherished hope of becoming the ruling party and replace the KMT, which believes it can garner more than 70 percent of total seats.

Still, a gain of 45 seats for the DPP will represent a more than two fold increase in the number of representatives the party has in the current legislature.

A representation of that size will be sufficient enough to give the DPP the power to successfully boycott the ruling party on legislation and policies. One area that could certainly be affected will be the government's policy on relations with the mainland.

The results of the coming elections could also have a major impact on the KMT regarding power alignments within the party. The many KMT candidates are noticeably divided on political reform in addition to mainland policy.

Thus how these candidates of different political views will perform in the December parliamentary elections will have far-reaching effects on the party's internal power distribution as well as Taiwan's overall well-being.

Ministry To Improve Domestic Investment Climate

OW0212102092 Taipei CNA in English 0739 GMT 2
Dec 92

[Text] Taipei, Dec. 2 (CNA)—Economic Affairs Minister Hsiao Wan-chang said Tuesday that his ministry will implement a package of measures to improve the domestic investment climate and to expedite industrial upgrading.

Addressing a seminar on industrial and commercial construction here, the minister pointed out that the Economics Ministry aims to make Taiwan's investment environment match that of other Asia-Pacific countries.

Overseas markets such as Mainland China and Southeast Asia have attracted a considerable number of Taiwan investors in recent years, he noted, adding the investment climate at home faces stiff competition from abroad as a result of economic development and internationalization.

Hsiao said that the pump-priming package, which was compared to a shot of heart stimulant to investment conditions here, will include tax incentives and the establishment of more industrial parks.

Moreover, the Industrial Development Bureau will work for adequate manpower planning and industrial automation with a view to solving the worsening labor shortage problem faced by the manufacturing sector, he pointed out.

The minister pledged that his ministry will continue to promote scientific exchanges between the two sides of the Taiwan Straits to facilitate the employment of mainland technologies in Taiwan.

In addition, he said, the ministry will ask the Mainland Affairs Council to relax imports of mainland half-processed products, components and parts.

The ministry will push for the continued growth of big investment projects, each of which has an investment amount of more than NT [New Taiwan] \$200 million (US\$8 million), he noted. Statistics show that investments of 255 big projects totaled NT\$720.2 billion (US\$28.8 billion) as of the end of November.

Hsiao stressed that the government will do its best to engage in economic modernization with an eye to developing Taiwan into a profitable business center in the Asia-Pacific region.

Official Explains Policy on Environment Issue

OW2811102092 Taipei CNA in English 0743 GMT 28 Nov 92

[Text] Taipei, Nov. 28 (CNA)—Domestic exports will not be sanctioned by member nations of the Montreal Protocol, which know clearly Taiwan's efforts in environmental protection, an official of the Ministry of Foreign Affairs said Friday [27 November].

The official, who preferred to remain anonymous, pointed out that the country made known its willingness to abide by international guidelines aimed at reducing the consumption of ozone-depleting chlorofluorocarbons (CFCs) at the fourth general meeting of the protocol held in Copenhagen, Denmark last week.

"Our delegates presented an oral statement affirming our position at the meeting, which was listed in the minutes," he said.

He conceded that Taiwan's hopes of becoming a contracting party or contracting party equivalent to the protocol, which advocates protection for the earth's ozone layer, were tarnished due to the "name" issue.

He noted, however, there are no signs that the protocol's signatory nations will impose trade retaliation against Taiwan.

The just-concluded meeting of the Montreal Protocol adopted a resolution on a worldwide ban of CFCs by [words indistinct] which have been widely used as coolant in cars, and in air conditioners and refrigerators, are also a key ingredient used in the cleaning of electronic components.

In order to cope with the new situation, the sole CFC manufacturer in Taiwan, Formosa Plastics Group (FPG), decided Friday that it will gradually cut its CFC output and begin to produce CFC substitutes next June.

A company spokesman said that the adjustment of its production line calls for producing two CFC substitutes, HCFC 141d and 142b, which will replace CFC 11 and 12.

Currently, the FPG produces about 100 tons of CFCs daily, far exceeding the domestic demand of 7,000 tons annually.

Hong Kong

Li Ruihuan Meets Hong Kong Textile Entrepreneurs

OW0112095592 Beijing XINHUA in English 0912
GMT 1 Dec 92

[Text] Beijing, December 1 (XINHUA)—Chinese Communist Party leader Li Ruihuan met here today with a group of Hong Kong textile entrepreneurs led by S.K. Chan, chairman of the Textile Council of Hong Kong Limited.

Li, a standing committee member of the Political Bureau of the Chinese Communist Party Central Committee, called on textile manufacturers in Hong Kong and the mainland to have more exchanges and cooperation so as to promote technological advancement and continued growth of the textile industry.

Li also answered questions about Hong Kong and other issues raised by the visitors during the hour-long meeting.

The visitors arrived here on Sunday.

Assures No Early Takeover

HK0212065992 Hong Kong TA KUNG PAO in Chinese
2 Dec 92 p 2

["Special dispatch" from Beijing by staff reporter Chen Hsiao-fang (7115 1420 2455): "Li Ruihuan Reiterates China's Stand, Saying That China Will Not Take Over Hong Kong Ahead of Schedule"]

[Text] Beijing, 1 Jan—Tien Pak-chun, member of the Textile Council of Hong Kong [TCHK] delegation which is visiting Beijing, disclosed to this reporter that this morning, Li Ruihuan, CPC Central Committee Standing Committee member, met with the TCHK delegation in the Fujian Room of the Great Hall of the People. The meeting lasted one hour, during which time Li Ruihuan reiterated the position that China will not take over Hong Kong ahead of schedule unless Hong Kong is in a muddle.

Tien Pak-chun said: We can trust Li Ruihuan's words. Hong Kong is not in a muddle now. What he meant when he said in a muddle is chaos when Hong Kong asks the Chinese Government to take over after the British have left or a turmoil has occurred in Hong Kong. We were very pleased to hear this.

Tien Pak-chun said: Li Ruihuan stated the position when asked by members of the TCHK delegation to confirm some reports regarding the possibility of China's taking over Hong Kong ahead of schedule.

It is learned that tomorrow, the delegation will spend half the day visiting Beijing and the United Front Department and will then return to Hong Kong. This evening, the delegation will hold a banquet in the

Wangfu Hotel to give thanks for the warm reception by the relevant departments. Wang Qi, vice director of the Hong Kong and Macao Affairs Office, and others will attend the banquet.

XINHUA Chief Meets District Board Chairmen

Listens to 'Criticisms' of Governor

HK0212054092 Beijing XINHUA Hong Kong Service in Chinese 1609 GMT 1 Dec 92

["Dispatch From Hong Kong": "Zhou Nan Meets With 15 Hong Kong District Board Chairmen and Delivers Speech"]

[Text] Hong Kong, 1 December (XINHUA)—This afternoon, Zhou Nan, director of XINHUA Hong Kong Branch, met with 15 Hong Kong district board chairmen in the main building of the Hong Kong branch where he conscientiously listened to their criticisms of, and views on, Governor Chris Patten's proposal for the abolition of appointed seats in the district boards and exchanged views with them on issues of major concern raised by them, including the current situation in Hong Kong.

The district board chairmen said that they have demanded an interview with Governor Chris Patten in the hope that they will be able to speak face to face with the governor on the issue of abolishing appointed seats in the district boards. However, they have not yet received a reply.

The district board chairmen said that before and after Chris Patten published his policy speech, 18 out of 19 district board chairmen voiced their opposition to Chris Patten about the abolition of appointed seats in the district boards. However, it was a pity that their views were not accepted by Chris Patten. In order to safeguard Hong Kong's prosperity, stability, and peaceful transition and Hong Kong people's immediate interests, they pledged to adopt a responsible attitude and continue to express their views to all parties.

Zhou Nan said: More and more Hong Kong residents have now come to understand that Chris Patten's political reform package violates in essence the Joint Declaration, the Basic Law, and a series of agreements reached between China and Britain to a serious extent. They have come to know that Chris Patten's purpose in asking others to put forward "counterproposals" on the basis of his erroneous package is for nothing but to get others into trouble and make others join him in opposing the Basic Law and various Sino-British agreements. They have also come to realize that Chris Patten's obstinacy in taking the wrong road has already undermined, and will continue to undermine, Hong Kong's stability, prosperity, and peaceful transition. The Chinese Government will resolutely implement the Joint Declaration, the Basic Law, and the great concept of "one country, two systems" by removing all obstacles. Our stand on this principled question is consistent and unshakable. We will never accept any compromise or compromise

proposal. The measures we have adopted and will adopt are aimed at safeguarding Hong Kong's stability and prosperity, ensuring a smooth transition in 1997, and safeguarding the long-term interests of the Hong Kong residents. The only way out for Chris Patten is for him to discard his so-called "constitutional reform package" at once and return in earnest to the road of the Joint Declaration, the Basic Law, and the series of agreements reached between the two countries.

Zhou Nan emphatically pointed out: The "constitutional reform" proposal put forward by Chris Patten turns the indirectly elected seats of various functional constituencies, and the seats of the election committee members, into directly elected seats, thus violating the Sino-British Joint Declaration, the Basic Law, and the understanding reached between the two governments to a serious extent. Moreover, in his so called "proposal," Chris Patten talked about changing the functions of the district boards, abolishing appointed seats in the two urban councils and the district boards, possibly adopting the single seat-single vote election method, and other issues. As he did not consult with the Chinese side over any of these proposals in advance they are, therefore, invalid. In my opinion, the views expressed by the majority of the district board chairmen on the retention of appointed seats in the district boards conform with the spirit of the Sino-British Joint Declaration and the Basic Law, and should therefore be respected.

When answering the questions, Zhou Nan reiterated the solemn and just stand of the Chinese Government: The approval of the Chinese Government must be obtained before any decisions on issues concerning the new airport and major issues straddling 1997 are made.

Says PRC 'Willing To Resume' Airport Talks

HK0212071692 Hong Kong SOUTH CHINA
MORNING POST in English 2 Dec 92 p 6

[By Doreen Cheung]

[Text] The director of the local branch of the New China News Agency [XINHUA], Mr Zhou Nan, yesterday told district board chairmen that China was willing to resume talks on the airport issue.

Speaking after a two-hour meeting, Kwai Tsing District Board chairman Mr Leung Kwong-cheong quoted Mr Zhou as saying Beijing would like to return to the negotiating table if Britain could come up with a new financial arrangement on the airport and its associated rail link without callable equity.

Mr Zhou said there was ground for further talks on the financial arrangement.

He stressed that any negotiations should be carried out within the framework of the Memorandum of Understanding (MOU) on the new airport projects, according to Mr Leung, who is also a member of the Airport Consultative Committee.

Under the MOU, total borrowing could not exceed \$5 billion [Hong Kong dollars], Mr Zhou said.

The total size of borrowing, together with interest payments, in the first financial arrangement amounted to more than \$120 billion and would impose a heavy financial burden on the Special Administrative Region government, Mr Leung was told.

The financial arrangement also included callable equity totalling \$21 billion, to be called as an equity injection for the Airport Authority and the Mass Transit Railway Corporation if needed, Mr Leung said.

The concept of callable equity should be scrapped, Mr Zhou said.

The British side tabled another proposal involving a large government injection into the airport body and rail corporation by sourcing \$20 billion from the Land Fund and a further \$20 billion from the Government.

But China maintained that the Land Fund could not be used to finance the two bodies.

Mr Leung said Mr Zhou could not say more on whether China was willing to use the Land Fund yesterday as time was running short.

Chinese Communist party leader Mr Li Ruihuan told a group of Hong Kong textile entrepreneurs that he did not object the idea of building an airport in the territory.

Mr Li said Hong Kong needed a new airport, on which work had already begun.

The airport should be cost-effective and the Hong Kong Government should cut the existing cost, he said.

Governor Mr Chris Patten yesterday told legislators he was pleased the funding request to enable the airport site preparation contract to proceed had been approved by the Finance Committee.

"This was a vital decision," Mr Patten said during the Governor's question time.

The decision would enable the Government to take an important step forward in the airport core programme and to continue to meet its obligations under the MOU, he said.

It also gave the Government more time to seek agreement with China on the overall financing plan.

PRC To Create 'Second Power Center' for Contracts

HK0212080292 Hong Kong KUAI PAO in Chinese 2
Dec 92 p 2

[Report: "Chinese Side Will Quicken Establishment of Second Power Center in Hong Kong"]

[Excerpt] According to informed sources, because there is no sign that Hong Kong Governor Patten will compromise on the political reform issue, last night, the Chinese authorities basically decided to escalate the confrontation and quicken the establishment of another power center in Hong Kong for examining and verifying all contracts, leases, agreements, and franchises which extend beyond 1997 in order to further weaken Patten's administrative power.

According to the sources, the "examination and verification body" which will soon be set up is aimed at and modeled on the Business Committee set up by the Hong Kong governor. It will have 18 members or less. It is initially learned that the body will be headed by Vincent Lo Hong-sui, who is also a member of the Business Committee set up by the Hong Kong governor. In addition, Lo Tak-shing of the New Hong Kong Alliance and Liu Yiu-chu, a deputy to the National People's Congress, will also be included in the new body. However, the final namelist will not be decided until all of the appointees accept the appointment. Hong Kong affairs advisers will form the backbone of the body. An interesting question is how many members of the Hong Kong governor's Business Committee will be invited by the Chinese side to the new body and whether the Hong Kong governor's Business Committee will dissolve if the Chinese side successfully incites their "defection." Even if the Hong Kong Governor replaces them with new members, his credibility and authority will certainly be affected.

According to the sources, the Chinese side decided to set up the second power center soon mainly because it believed that Patten would not make any concession before next February, when he will submit the 1995 political reform package to the Legislative Council for a vote. The Chinese side thus immediately decided to quicken the establishment of this "examination and verification body," which will begin to operate before next February and will directly challenge [dui zhe gan 1417 4192 1626] the Hong Kong Government.

According to the sources, the body will have 18 backbone members, who are all entrepreneurs and professionals and who will carry out "prolonged struggle" against Patten. The organization will extend beyond 1997. Its function will be to examine and verify contracts, agreements, and franchises extending beyond 1997 on behalf of the future special administrative region government, play a supervisory role, and report the examination and verification results and put forth proposals to the Hong Kong and Macao Affairs Office. [passage omitted]

NPC, CPPCC Members on Statement on Hong Kong

OW0212011692 Beijing XINHUA Domestic Service in Chinese 1245 GMT 1 Dec 92

[Text] Hong Kong, 1 Dec (XINHUA)—Commenting on the State Council Hong Kong and Macao Affairs Office

spokesman's 30 November statement, some deputies to the National People's Congress [NPC] and members of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] in Hong Kong, as well as Hong Kong Affairs advisers, have said that the statement is a clear indication of the Chinese side's positive attitude toward maintaining and developing long-term prosperity and stability in Hong Kong, and it is a move to protect investors' interests.

Liao Yaozhu, NPC deputy and Hong Kong affairs adviser, said: In view of the joint declaration signed between China and Britain, it is an indisputable fact that unless confirmed by the Chinese side, the Hong Kong Government has no authority to approve agreements or contracts beyond 1997. The Hong Kong and Macao Affairs Office spokesman issued the statement to reiterate this fact and help investors avoid losses. This move by the Chinese side to protect investors' interests will increase their confidence in investment.

Zheng Yaotang, NPC deputy and Hong Kong affairs adviser, said: Any issue beyond 1997 requires consultation between China and Britain. However, Hong Kong Governor Patten has acted arbitrarily in disregard of the Chinese side's proposal for cooperation and consultation. The statement of the Hong Kong and Macao Affairs Office director explains that the British rule over Hong Kong will terminate on 30 June 1997 and that it will have no right to handle any affairs thereafter. Britain should conscientiously examine its act which undermines the convergence to the detriment of Hong Kong.

Wu Kangmin, NPC deputy and Hong Kong affairs adviser, said: The British side's sincerity is the precondition for China and Britain to return to the negotiations table because the dispute has been started by the British.

Xu Simin, CPPCC National Committee member and Hong Kong affairs adviser, said: The Chinese Government's policy toward Hong Kong has been consistent. Even though the British authorities in Hong Kong have provoked the current conflict, the Chinese side has maintained a positive approach on Hong Kong's economic stability beyond 1997.

Luo Decheng, a Hong Kong affairs adviser, said: The Sino-British joint declaration has clearly stated that Britain's administrative power over Hong Kong ends on 30 June 1997. Since the Chinese side has already considered the British interests on the issue of land approval, other issues pertaining to the scope of the power of the future Hong Kong Special Administrative Region should be decided under the premise of mutual trust between the two sides.

Zeng Xianzi, a Hong Kong affairs adviser, said: Hong Kong residents' vital interests lie in a smooth transition. Since the signing of the Sino-British Joint Declaration, the two countries had worked together toward the same goal of safeguarding Hong Kong's stability and prosperity throughout the 1980's. However, after taking up the post, Chris Patten has implemented the a program

for drastic political reform, thus aggravating contradictions and disputes between the two sides.

Huang Baoxin, a Hong Kong affairs adviser, said: In view of the recent opinions dismissing the importance of the convergence of Hong Kong before and after 1997, the Hong Kong and Macao Affairs Office spokesman's statement is meant to be an unequivocal response to such opinions and to underscore the importance of the convergence.

Governor Patten Answers Legislators' Questions

*HK0112134592 Hong Kong RTHK Radio in English
0630 GMT 1 December 92*

[Question and answer session with Hong Kong Governor Christopher Patten and Legislative Council members at the Legislative Council Building, Hong Kong—live, with simultaneous translation of Cantonese passages into English]

[Excerpts] [Governor Christopher Patten] [passage omitted on Hong Kong Festival in Canada, trade ties, and Patten's itinerary there] While in Canada, I held discussions with Canadian Prime Minister Brian Mulroney, and the Secretary of State for External Affairs Barbara McDougall. I took the opportunity to brief the prime minister and the secretary of state on developments in Hong Kong. During my four days in Canada, I met many Hong Kong Canadians. I was deeply impressed by the admiration and goodwill that I found for Hong Kong and for its people. And I should like to take this opportunity publicly to thank the government of Canada for the very warm reception which they extended.

I visited London from the 16th to the 20th of November, where I had meetings with the prime minister, the foreign secretary and other ministers, as well as with officials. I also spoke at a very successful Trade Development Council dinner, addressed the British Hong Kong Parliamentary Group, and had meetings with other parliamentarians and with representatives of the business community.

Let me say a few words on the policy of the British Government. The British Government remains fully committed to the full implementation of the concept of one country, two systems, which was set out in the Joint Declaration of 1984. That policy was reaffirmed in the Conservative Party's manifesto earlier this year. In case there should be any doubt in the minds of anyone in this Council or outsiders, let me clearly state this afternoon that the British Government stands four-square behind the Hong Kong government's proposals on constitutional development in Hong Kong, and will continue to do so. Both the prime minister and the foreign secretary repeated that support publicly and explicitly during my visit. The British Government resolutely supports the Hong Kong government's position that the arrangements for the 1995 elections should be fair, should be open, and should be acceptable to the people of Hong Kong. The

British Government resolutely supports the Hong Kong government's firm conviction that our proposals are fair and open. They have been well received in Hong Kong. And the British Government also believes, as I do, that if anyone else has any better proposals that are fair, open, and acceptable to the people of Hong Kong, then they should put them forward. I happen to believe that my proposals are good ones. I will argue for them on their merits. But if anyone has any better arguments or better proposals, then I am willing to consider them carefully and sincerely, and, so too, I imagine, is this Council. It is a matter both of fact and principle that my proposals will ultimately be decided upon here in Hong Kong. It is a matter of fact because the arrangements for the 1995 elections will require legislation, and it is only the Legislative Council which can pass such legislation. It is a matter of principle, because the cabinet believes, just as I do, that it must support the aspirations of the people of Hong Kong as reflected by this Council.

I visited Japan from the 25th to the 28th of November. There I met the prime minister, Mr. Miyazawa, the foreign minister, Mr. Watanabe, and other senior political leaders. [passage omitted on Patten's meetings with Japanese businessmen and trade ties]

I am pleased that in my absence, the request for funding to enable the airport site preparation contract to proceed was approved by the Finance Committee last Friday after an intensive and lengthy debate. This was a vital decision. It enables us to take an important step forward in Hong Kong's airport core program and to continue to meet our obligations under the Memorandum of Understanding. The decision gives us more time to seek agreement with China on the overall financing plan. Reaching that agreement has always been our prime aim.

On constitutional development, members know that I propose to put legislative proposals to the Legislative Council as soon as possible after the Chinese New Year break, which is likely to mean before the end of February. The precise shape and detail of the draft legislation will be decided by the Executive Council. [passage omitted on Hong Kong legislators' responsibility for Hong Kong]

I am disappointed that the Chinese side has thus far been unwilling to accept my offer of discussions, or to put forward their own ideas. Many people are calling for a return to sensible, rational dialogue. I heartily endorse that call. I have been trying to encourage the China government to do just that. There is certainly no unwillingness on my part to enter such a dialogue.

At the end of the day, viewed from the outside world, it is plain that Hong Kong and the Asia Pacific region are virtually the only growth area in the world today. The government will continue to do all it can to maintain both its growth and the prosperity and stability of this territory. We look forward to support from this Council

as we continue our endeavors on behalf of the people whom we all serve. [passage omitted on council procedures on raising questions]

[Unidentified legislator] Sir, in the last few days, as you have mentioned just now yourself, that there have been a lot of sharp words—or war of words—mainly from the Chinese side. Does the Hong Kong Government, or the British Government, have any plans to thaw the ice, as it were?

[Patten] I think it is fair to say to the Honorable Member, in response to a question which is on many people's lips, that though there have been some sharp words, there have been no sharp words from the governor of Hong Kong or from the Government of Hong Kong. I remain resolutely determined to be calm and rational, and to set out for the community what the proper arrangements are for considering, as we must, how to prepare for the 1995 elections. I continue to say, and to mean, that I believe my proposals are fair and open, that I believe they received a good welcome in Hong Kong. And I continue to say if there are those who have proposals which they regard as being more fair and more open and more acceptable, then I hope they will put them forward. I honestly do not believe that the right way for me to respond in present circumstances is to abandon a position which I believe to be rational, to abandon a position which has commended itself to the Legislative Council on more than one occasion. But I repeat that I remain keen on dialogue, keen on rational discussion, and keen on mobilizing as much consent as possible for the arrangements that will need to be in place for 1995. The Government of Hong Kong and the British Government have not, either of them, imagined the necessity of putting in place arrangements for 1995, since no such arrangements at present exist. [passage omitted on nosediving stock market]

[Unidentified legislator] Since 1991, democracy was one of the major issues, and at that election, those who were for democracy won. Here, out of 18 people from the democratic camp, 17 supported your proposals. Could you therefore guarantee to us that should those of the directly elected members continue to support you, you will not backpeddle or abandon your original proposals?

[Patten] My position remains as I described it earlier. I think the proposals that I put forward are good ones. The proposals I put forward have the support of the British Government. The proposals that I put forward have been, I think, so far well received in Hong Kong. I remain opened to discuss proposals which anybody puts forward which they regard as better than mine. By better I mean more open, more fair, and more acceptable to the people of Hong Kong. But I have not been overwhelmed thus far by such proposals, though I am delighted that, I think, three or four honorable members have begun to put forward their own ideas. [passage omitted on council members' political affiliations]

[Unidentified woman legislator] I have correspondence here to prove that in 1978, Britain refused to begin gradual progress toward democracy in Hong Kong on the ground that China was opposed to it. And the British Government's overriding concern was to maintain stability and prosperity in Hong Kong. Since your government would not destabilize Hong Kong under British administration, why is it prepared to see Hong Kong destabilized by a faster pace of democracy now that the British are leaving?

[Patten] I am sure that the Honorable Lady would first of all want to confirm whatever I may be responsible for, what a minister said in 1978 or others said in 1978, or governor said in 1978, is not entirely my responsibility. If the Honorable Lady is saying that it has been argued in the past that there could be no greater progress to democracy because China would object to that, then I am interested to hear her putting that argument. It is perfectly clear, under the Joint Declaration, that there should be orderly progress toward greater democracy. That is plain in the joint declaration. It is also perfectly clear that you cannot find in the Basic Law answers to the questions which I have tried to tackle in the proposals that I have put forward for the 1995 elections. Both of those propositions are clear. And I think the Honorable Lady would regard me as failing in my duty if I did not put forward my own proposals. I assume that the Honorable Lady regards the criteria that I have set out as being acceptable ones. Well, the criteria, the Honorable Lady would recall, are that the elections should be fair, open, and acceptable to the people of Hong Kong. I think it is difficult to put an argument for the contrary proposition. So I have done what I am obliged to do since there are gaps in the present arrangements. And I have done so in a way which, I think, recognizes not what every political group or community group has been pressing in the community, because the position when I came was that people were pressing for a great deal more democracy than the modest steps allowed for in my proposals. [passages omitted]

[Unidentified legislator] Did the Chinese government deliver a formal ultimatum to the British Government on the reform proposals accompanied by a specific declaration of intended retributive action?

[Patten] No, that has not been done; it has not been done in public, has not been done in private. The latest statement that was made was the one made yesterday evening by the Hong Kong and Macao Affairs Office. A statement was put out by the government yesterday evening about that. As the Honorable Member will doubtless know, contracts which are validly, legally entered into before 1997 under our common law, according to both the Joint Declaration and the Basic Law, survive the transition to 1997, provided that they do not contravene the Basic Law. It is rather difficult to imagine a contract that would contravene the Basic Law. We have been pursuing that perfectly, sensibly, and constructively ourselves by having a regular discussion in the Joint Liaison Group about franchises which might

cover 1997, and we will continue to do so. In doing so, we will take account of what the Chinese government said yesterday, when it remarked that at the end of its statement that it would take a positive attitude in examining and approving contracts. It said it wanted to maintain and develop long-term prosperity and stability in Hong Kong. Perhaps I should underline those words. The Chinese government reiterated that investment in Hong Kong by private capital from Chinese and foreign sources remains welcomed. I endorse that as well. But apart from that statement, we have not received any other communication in the last few days such as the Honorable Lady was referring to.

[Unidentified legislator] Sir, could your outline any plans for overseas visits in 1993, and in particular to the United States? And would you consider inviting a few Hong Kong businessmen to join you in Washington for joint effort on MFN [most-favored-nation] renewal?

[Patten] This is a subject which I have begun to discuss with representatives of the business community. I touched on it briefly with my Business Council at its first meeting. I discussed it briefly with representatives of the American Chamber of Commerce yesterday. I hope to be able to visit Washington and the United States in the New Year, as soon as a new administration has shaken down, as soon as the new administration has the time to see the governor of Hong Kong in the gaps available for confirmation hearings and so on. What I will want to say, and it is an argument that I think will be all the stronger if I can be supported in saying it by representatives of the business community in Hong Kong, is that the politicization of trade is always, always, always damaging. That it is in the interests of Hong Kong to have the freest, most open trade between the United States and China, that I do not believe that trade friction will do other than undermine growth, destroy jobs, and put up prices. That is an argument that I will be putting, and I will be trying to apply the principles and the implications for Hong Kong in contact with a new U.S. administration. But I repeat that I want to discuss with the business community how we can best coordinate our activities. It is extremely important when we put those arguments in Washington and elsewhere that we have as much credibility as possible.

[Unidentified legislator] Sir, as an architect, it would be negligent of me if I drew up a plan without thinking of the structure. Your proposal is a plan, which may be beautiful to some people, but it lacks structure, the structure being the Basic Law, which is to become effective after 1997, and I think that you have not emphasized this point to both the people and the Western community, that is, the existence of the Basic Law. Of course, you have said that your proposals are consistent with the Basic Law. If it is so, there is no problem of convergence; but on the other hand, government members in this Council have voted against an amendment to Christine Lo's motion which brought in the element of convergence; in other words, government

by its vote has indicated that convergence is not an important element, I would hope that you can clarify that.

[Patten] I'd be delighted to clarify that, and perhaps all other Honorable Members will give me, will excuse me if I do this, I'll do the clarification, if the Honorable Member will tell me where my proposals breached the Basic Law? [passage omitted in which questioner declines to clarify but rephrases question] I'm in favor of as smooth a transition through 1997 as possible. I'm also in favor of arrangements, for example, for the 1995 elections, which are decent, which are acceptable to the community. I suppose that the Honorable Member could conceive of arrangements for the 1995 elections which might transfer smoothly through 1997, but would not be acceptable to the people of Hong Kong. I certainly could. So the problem we have to address is one of balance, that's what I tried to address in the proposals that I brought forward on 7 October after, despite what I think one or two of Honorable Members have said, protracted discussions with large numbers of members of this Council and with others outside as well. Smooth transition certainly, but smooth transition of arrangements which are fair and open and acceptable.

[Unidentified legislator] Mr. Governor, you've mentioned time and again that you want a sensible, rational dialogue with the Chinese authorities to solve the problems; from now till the beginning of next year, do you have any concrete plan in the pipeline to effect sensible, rational dialogue, and do you envisage any difficulties in trying to do so?

[Patten] I don't have any difficulties in doing so. When I was in Peking, one of the suggestions that was put forward was that the Joint Liaison Group [JLG] could provide a forum for discussions. I made it perfectly clear, our ambassador to the JLG has made it perfectly clear, that is absolutely fine, and for us we think that would be a perfectly sensible way to move forward. If Chinese officials have any other proposals, I will be very happy to consider them, because I have made it plain that I will go anywhere, at any time, to talk to anyone in the hope that we can have as sensible and calm a discussion of these matters as possible. But perhaps I can just reiterate one thing again: Sometimes people suggest that for me to go on saying that I am very happy to have a rational dialogue is somehow banging my head against a brick wall. The point was made almost in those terms in one of our newspapers this morning, but what is more sensible than asking for a sensible dialogue, I'm not sure what is. I repeat once again, and mean once again, that if there are any better proposals from anywhere, I'll be very happy to see them.

[Legislator Emily Lau] Governor, when you were in Japan last week, you spoke about Britain's moral responsibility for the Hong Kong people after 1997, you said, for a few years. Yesterday, your remarks were criticized by a vice director of XINHUA NEWS AGENCY, who said Britain should not have any responsibility for the

Hong Kong people after 1997. My view is exactly the opposite. I think Britain is morally, firmly morally responsible, for us for 50 years after 1997, the period covered by the Joint Declaration. So will you please tell us, and the people of Hong Kong, what exactly do you mean when you say Britain is morally responsible for us after 1997, and how many years that responsibility extends?

[Patten] Well, I was surprised by the remarks of the vice director of the NCNA [NEW CHINA NEWS AGENCY, XINHUA], since they seemed to overlook the fact that the Joint Declaration was signed by the United Kingdom as well as China, and was an explicit affirmation of our continuing concern for 50 years for the system in Hong Kong, which is part of one country, two systems, as I have said on other occasions, not one country, one-and-a-half systems, or one country, one-and-a-quarter systems, but one country, two systems. Our way of life in Hong Kong, our prosperity and stability, and the relationship between those things, and the freedoms that we cherish, whether freedom of speech or freedom of assembly or other sorts of freedom, those things are set out in the greatest detail in the Joint Declaration. They were part of an agreement between Britain and China, an agreement which is binding for 50 years. So I really can't understand how anybody can say that our interest in, or commitment to, Hong Kong ends on 30 June 1997, when the 28th British governor takes his leave. The best way, or one of the best ways, in my judgment, in which we can insure that we discharge that responsibility, is by governing Hong Kong in the next four-and-a-half years as well as possible, and by trying to insure there are arrangements in place in Hong Kong, arrangements which are in line with the Joint Declaration and the Basic Law, arrangements which help to secure Hong Kong's way of life after 1997. Because unless we are prepared to try to secure Hong Kong's way of life after 1997 before 1997, it is going to be rather difficult to do so after 1997.

[Unidentified legislator] Governor, when you came to Hong Kong, in your inaugural speech, you said that the most important task you have to face in the next five years is to build trust and understanding with China. Clearly, trust and understanding are two commodities which are in very short supply at the moment, and we have seen a very great deterioration of the relationship between China and Hong Kong and China and Britain, how do you aim to restore or build trust and understanding, and are you willing to sacrifice trust and understanding for your political reform package?

[Patten] I suspect that it was always going to be difficult to agree on arrangements for the 1995 elections, which were regarded as widely acceptable to Peking, to London, and to Hong Kong. I suspect if that had not been a problem, it would have been one that would have been tackled successfully before July this year. What I do not think would be an acceptable basis for trust and understanding of anyone was if the price the government of Hong Kong had to pay was sacrificing the trust and

understanding of the people of Hong Kong. It seems to me that what I have to, and seek to do, is to reconcile the trust and understanding of the people of Hong Kong with a better working relationship with the Peking and Chinese officials, and I very much hope that we move through these perhaps inevitably choppy waters, we'll find that there is a smoother sailing on the other side. But unless one wants to run the risk of sacrificing trust and understanding in Hong Kong, I suspected that one was going to find oneself with an argument similar to this sometime over the next few years whenever one addressed the problem of how best to organize the 1995 elections.

[Unidentified legislator] [passage omitted in which questioner refers to basis for an earlier question] Sir, I would like to ask why do you think it is necessary to solicit support from United States, Canada, Australia, and even Japan, faraway; the constitutional reform package, which, at the least, is a domestic issue or at the most is an issue between China and Britain? Because yourself, sir, being a great scholar of history, bearing in mind the history of how Hong Kong came about, would it not risk unnecessarily arousing nationalistic sentiment, which will be divisive in Hong Kong, and also divisive between Hong Kong and China?

[Patten] I think that with respect to the Honorable Member which I mean [as heard], I think that one should not necessarily believe that the attacks on the governor of Hong Kong for doing this or that are always accurate. I haven't attempted to solicit support, and I have found around the world a great deal of interests in what is happening in Hong Kong. But the countries which I have recently visited, Canada and Japan—I assume the Honorable Member would leave the United Kingdom out of the picture, because that after all is the present sovereign power—in Canada and Japan, the governments recognized that the successful implementation of the Joint Declaration is, above all, a matter for Hong Kong, for China, and for the United Kingdom. But they are actually interested in the successful implementation. When I was in Japan, I was asked on several occasions, by journalists, whether I was disappointed that Japan hadn't endorsed my package. I pointed out that before I went to Japan, I had said that I did not expect that from Japan or seek that from Japan. So if you haven't expected something to happen or asked for something to happen, you can't be disappointed that it didn't happen, if the Honorable Member sees what I mean. I don't seek to solicit support from the outside world for the proposals which the government of Hong Kong has put forward, but I'm not surprised that there is interest in the outside world in what is happening in Hong Kong, since Hong Kong is one of the greatest international financial and commercial centers in the world, and since it is in the interest of the world that Hong Kong should remain precisely that. And what do I think of the main conditions for Hong Kong remaining like that, I'll tell the Honorable Member, I think the main conditions are to retain an open market economy and the rule of law, and

those are my main objectives. [passage omitted in which questioner asks about freedom to vote of official members and governor responds that they are free]

[Unidentified legislator] Sir, in the present confused situation about Hong Kong's political reforms, do you think your presentation overseas can help foreigners to have a fair evaluation and understanding of Hong Kong without knowing China's position?

[Patten] In my experience, China has not been slow to make her position clear. I had the distinct impression before each of my visits that Chinese officials, as is doubtless their job, have been doing that very vigorously. Last question.

[Unidentified legislator] Mr. Governor, when you were in London, you talked about empty threats, and it led to some misunderstanding. At that time, why did you use the term empty threats, because in the last two days, if you were to use another adjective, would you use another adjective? If so, what would that new adjective be?

[Patten] The confusion to which the Honorable Member refers is something that, perhaps, I can explain to those members of this Council who aren't aware of it. I used the word empty threats, actually I think I used it in Canada, not in the United Kingdom, after a statement had been made denouncing this Legislative Council for having the temerity to do what it's supposed to do under the Basic Law, that is, to vote on legislative arrangements. I used the word empty threats in relation to the statement that was made, I think, by the NCNA about that vote, and it was translated by one of the agencies, making, I'm sure, a rare error, as being empty headed, rather than empty threats. I wouldn't, of course, accuse anyone of being empty headed, under any conceivable circumstances, because the Honorable Member will know I am a man of great forbearance. [laughters from audience] That was the confusion, and even though there was the reaction to which the Honorable Member referred, it was rooted in what the agency said rather than what the governor of Hong Kong said. I don't want to use adjectives; there are a lot of adjectives being used at the moment, they are not being used by the government of Hong Kong. What I will say is just this: Those who talk, as we all do, about securing the prosperity and stability of Hong Kong should, in my judgment, make every effort to achieve that objective and should be mindful of the effect that words sometimes have in a contrary direction. I hope that we can all work for the best interests of the people of Hong Kong. I think the people of Hong Kong deserve better than to have anything said about their prospects which might undermine their prosperity and stability. There is every reason to be enormously confident about the future of Hong Kong, and that was, is, and remains my position, and I'm sure that will be the basis on which this Council after, as I said earlier, an inevitably heated debate will be able to work together in the future.

In accordance with standing orders, now we adjourn the council until 2:30 p.m. on Wednesday 2 December, 1992.

Franchised Companies Remain 'Optimistic'

HK0212050992 Hong Kong SOUTH CHINA MORNING POST in English 2 Dec 92 p 6

[Article by Jeremy Lau and Connie Law]

[Text] Franchised companies yesterday reacted calmly to the strong words from China's Hong Kong and Macao Affairs Office, even though most of the territory's franchises straddle 1997. The franchised transport operators, power suppliers and broadcasters said they were either optimistic about their franchise renewals or would rather wait and see. No companies contacted by the SOUTH CHINA MORNING POST yesterday indicated any intention of approaching China for a clarification on their franchises.

Deputy general manager of Metropolitan Broadcasting, Mr Douglas Gautier, said China's statement was not directed at the radio station. "We are confident that we shall be going on with our operation. Our relationship with the People's Republic of China is very good," he said.

The executive assistant to Commercial Radio's [CR] director and general manager, Mr Stephen Chan Chi-wan, said the station was pretty optimistic about its future. He said CR's licence would end by 2001 and it would be up to the Government to decide if the station's licence renewal should be taken up with the Sino-British Joint Liaison Group [JLG] for discussion.

A spokeswoman for Television Broadcasts Ltd [TVB] said TVB was confident Britain and China would honour its licence, which will remain valid until the year 2000. "We don't think our business will be affected," she said, adding that TVB at the moment had no plan of seeking clarification from China on whether its licence was at risk. Assistant Chief Executive Officer of Asia Television [ATV], Mr David Lai Tak-shing, said it was inappropriate for ATV to comment on a vague statement. "We believe the concerned parties will take desirable actions to enhance the position of private enterprises in discharging their duties to the public faithfully," he said.

A spokesman for the China Light and Power Company said the company's scheme of control had been extended earlier this year to 2008 and there was no question about the company's future after 1997. "Our scheme of control was agreed early this year and was discussed and endorsed by the JLG last year, so there is no question of any worry after 1997," he said.

The general manager of the Tate's Cairn Tunnel Company, Mr Edward Ngan Yau-chung, said the company did not worry about its 30-year franchise due to expire in 2018. "It is because one of our major shareholders is a

Chinese company," he said. Star Ferry's director and general manager, Mr Ian Hamilton, said the company would not seek clarification on the ferry's franchise although it would run out in 1998. The Kowloon Motor Bus Company (KMB) was still waiting for government replies to its applications for franchise extension submitted in April 1989 and March last year respectively.

Councillors 'Cautious' on PRC Threats

HK0212043092 Hong Kong SOUTH CHINA
MORNING POST in English 2 Dec 92 p 6

[By Connie Law and Lana Wong]

[Text] Executive Councillors yesterday gave a cautious reaction to China's threat over post-1997 contracts and agreements. Professor Felice Liehmak said: "We are certainly concerned (about the statement) because it has affected the stock market but on the other hand we see the Basic Law guarantees that all contracts will be honoured beyond 1997." She believed the move was meant to attack the Governor's political moves.

Professor Edward Chen Kwan-yiu said the warning seemed "kind of a displeasure at the political proposals." "In my view, politics and economics must be separated, because such an announcement and statement by the Chinese would affect Hong Kong's economic stability and also foreign investment in Hong Kong. It would affect every single citizen in Hong Kong."

However, he declined to comment on how the British Hong Kong Government could maintain its effective rule in the run-up to 1997 or resolve the present row, saying the question was "too sensitive". Professor Chen hoped that the Chinese Government would separate the two issues after consideration of the statement's impact on the economy and the people's livelihood.

Mr Raymond Chien Kuo-fung said he hoped the dispute could be handled rationally. Asked if the effectiveness of the British rule had been undermined by China's threat to invalidate Hong Kong Government-ratified agreements, Mr Chien said he presently felt that the territory had been run quite effectively. Miss Rosanna Wong Yick-ming said: "I think whatever discussion should be based on the Joint Declaration and Basic Law. Anything that deviates from that will then bring in unreasonable arguments." Hong Kong Affairs Adviser Ms Liu Yiu-chu said it was necessary for China to make things clear and investors should approach China if they were not sure about the investment prospects. "With the promise from the Chinese side, their interests can be guaranteed," she said.

Another adviser, Mr Lo Tak-shing, said Britain had repudiated the agreements and understandings reached with China and given up its commitments on Hong Kong issues. "As there is no mutual trust between the two sides, it is natural for the Chinese to define the scope of its sovereignty over Hong Kong according to laws," he said. Referring to the current controversy surrounding

the Governor's constitutional reforms, Hong Kong Affairs Adviser Mr Wong Po-yan said: "Some people are setting fire in Hong Kong and Beijing has to put it out."

Columnist Urges Governor To Talk With Beijing

HK0212051492 Hong Kong THE STANDARD in
English 2 Dec 92 p 13

[From the "I Say" column by Marcal Joanilho]

[Text] It strikes me as very funny that Governor Chris Patten should go on a globe-trotting mission to seek support for his controversial political package for greater democracy for the people of Hong Kong. Courtesy and honesty demand that he should have consulted the Hong Kong people about his package for greater democracy through a referendum. We can be the best judges of the future we want—not the Canadians, Americans, Australians, Japanese, or the Eskimos. Because we are the ones who are going to be affected by it.

It is not surprising that the Western countries backed Patten's package. Those countries have the kind of democracy which Patten is trying to thrust on Hong Kong before China takes over the territory. And it is no surprise, though it might have been for Patten, that the Japanese virtually snubbed him when it came to telling them about his package.

The fundamental mistake Patten made here was in talking about any matter to an Asian country that would anger China, which, like it or not, is regarded as leader of this continent. You don't have to be an illustrious student of politics to understand that no Asian country likes to get into China's bad books. And when the issue is about Hong Kong, soon to be a part of China, I doubt any Asian leader, be it communist or capitalist, would wish to cross swords with the mainland.

A good example of this point came in the words of advice former Singapore leader Lee Kuan Yew gave Hong Kong in the aftermath of the 4 June events. What he basically said was that it was better to be a friend than an enemy of China. Of course critics of China will always say that the Singapore leader's attitude is one of kowtowing to the mainlanders. This is a good argument provided you have in your pocket a passport of insurance so that you can set up another home in another country if and when things go wrong in money-spinning Hong Kong.

But what about those of us, not fortunate or influential, who have to stay here. The man on the street does not want the kind of democracy that will have an unsettling effect after 1997.

The hard truth is that Patten's reform package will be valid for only four more years—after which, if China is displeased, it will be thrown out the window. So common sense says that Patten ought not girdle the globe to canvass support for what he says is for the best for Hong Kong. What he should do is to pick up the phone, talk to Beijing and sort the matter out with our future

leaders. That's what he should have done in the first place. But it's better late than never—if he has the interest of we Hong Kong people genuinely at heart.

Alternatives to Governor's Proposals Viewed

HK0212034092 Hong Kong SOUTH CHINA
MORNING POST in English 2 Dec 92 p 20

[Editorial: "Looking for Patten Plan Alternatives"]

[Text] For a man whose downfall is predicted daily around the boardroom tables of Hong Kong, the Governor did not look like a man ready to throw in the towel when he spoke to the Legislative Council yesterday. Mr Chris Patten made it clear he would not back down under pressure from China by withdrawing his political proposals. He said it would have been "an astonishing piece of behaviour" to do otherwise. Councillors have twice come out in support of the broad principles of the package. If Mr Patten withdrew them at this stage, it would sabotage the status of the legislature, at the very time when he has been exhorting councillors to take their responsibilities seriously and decide their position on his planned reforms.

He repeated that it was time for legislators to come forward with alternative plans, rather than wait for China or his opponents in the business community to do it for them. With Beijing warning its allies in the territory not to play into Mr Patten's hands by tabling counter-proposals, asking legislators to do so is a tough proposition.

Mr Patten is not about to make their task easier by showing any flexibility of his own. Having made it clear yesterday that he will be the main judge of whether others' proposals are "fairer, better" than his own, he offered little encouragement to those who, like Mrs Elsie Tu or Mr Samuel Wong Ping-wai, have come up with ideas closer to what pro-Beijing opinion considers the spirit of the Basic Law.

Having said he was delighted to see that some legislators had begun to come up with suggestions, he showed no sign of giving them serious consideration and was frankly dismissive in his remarks to Mrs Tu.

As a tough, experienced negotiator, the Governor will know how and when to compromise. Nothing short of a total climbdown is likely to satisfy Beijing and Mr Patten seems to have given up on talking to China at the moment. However, he cannot proceed without the support of the Legislative Council [Legco]. Some watering down of his current package may be necessary to win even that.

Although the motions giving broad backing to his approach have so far won majorities, the vote may be much closer when his proposals are presented to the Council in detail next February. Many councillors will be under considerable pressure, from their functional constituencies, Chinese contacts, or allies in the business

world, to vote against the Governor. Also, they will be under pressure from the government to come off the fence on the side of democratic development.

At present, alternative ideas, such as Mrs Tu's, are being rejected in a somewhat cavalier fashion as being short of data on detail to be workable. They do not, it is said, spell out sufficiently clearly how each functional constituency would be defined, or which representatives of the constituency would have the vote. Yet it should not be beyond the drafting powers of the civil service to come up with detailed proposals, once the broad principles have been agreed on.

If Mr Patten saw the chance of winning the Legislative Council vote with even a vaguely outlined proposal more in keeping with his ideas of how the matter should be resolved, it is unlikely he would refuse to give it a second look.

The Governor has repeatedly made it clear his proposals for the 1995 elections are not immutable commandments, chiselled in tablets of stone. Otherwise, as he reminded the legislature yesterday, he would have announced them as decisions rather than proposals in his October 7 address.

It is unlikely the government will come forward with revised proposals of its own. Nor can Legco members be expected to come together behind the scenes to reach a consensus model for presentation to the Governor-in-Council as they might have done in the days before direct elections.

Far more plausible is the theory that the governor will give implicit backing to an independent councillor or group, which might allow a compromise package to be presented to satisfy those few still uncommitted independents tottering towards the anti-Patten corner.

Visiting PRC Dissident Promises To Fight Beijing

HK0212063692 Hong Kong SOUTH CHINA
MORNING POST in English 2 Dec 92 p 11

[By Daniel Kwan]

[Text] Veteran democracy activist Wang Ruowang has vowed to unite all dissident forces overseas to topple the communist administration on the mainland.

The famed writer, who was allowed to leave for the United States in August, arrived in Hong Kong yesterday for a visit.

He said he had no immediate plans to return to China because he had decided to run for the chairmanship of a powerful overseas dissident body next January.

The new body is a merger of the Paris-based Federation for Democracy in China and the U.S.-based Alliance for Democracy in China.

Wang and his wife, Yang Zhi, who flew in from London, were met at the airport by their host, the Hong Kong Federation of Writers and Artists, and legislator Mr Lau Chin-shek.

Their five-day visit to the territory is part of a world tour which also includes Canada, Australia and Taiwan.

At a brief press conference, Wang claimed that by uniting all overseas pro-democracy forces, Chinese activists could form a united front to topple the communist government in Beijing.

"We should not underestimate the strength of political forces outside China, which are made up of dissidents-in-exile, students, scholars and overseas Chinese," he said.

"If (we) unite all these people, they can become a new political force that can do battle with and replace the Beijing authorities."

Asked whether he considered his actions "counterrevolutionary", Wang answered: "The fact that I am a counterrevolutionary does not date from 1992. It started when I began to negate Mao Zedong on an ideological level.

"And I am the godfather of bourgeois liberalization. This is the verdict given me by Deng Xiaoping. I am not afraid (of such labels)," he added.

The 75-year-old writer said Sun Yat-sen, the National hero who led overseas revolutionary forces to overthrow the Qing dynasty government in 1911, was an example for him to follow.

"But I don't have the ambition of Sun Yat-sen ... first of all, I am an old man, but the spirit of Sun Yat-sen ... is always an example for me," he said.

Wang said he would travel to Taiwan to "study the democratic experience there".

"Taiwan is a politically democratic experiment. It is an experiment with a lot of Western input and it is steps ahead of Beijing. A visit to Taiwan is important, especially when we are going to build a new political system in China," he said.

The white-haired author, who is known as the "grandfather of dissent", yesterday also defended U.S.-based dissident Mr Shen Tong's trip to China in August.

While many underground leaders Mr Shen met were reportedly arrested, Wang said the 24-year-old student leader had made "solid contributions" to the pro-democracy movement.

"We should not criticise him too much ... we must learn from his foolishness so that we won't repeat such mistakes."

Wang is due to give a public lecture today at the Chinese University of Hong Kong.

Shanghai Mayor Discusses Pudong's Future Role
HK0112141592 Beijing ZHONGGUO XINWEN SHE in English 1345 GMT 1 Dec 92

[Text] Hong Kong, December 1 (CNS)—The Mayor of Shanghai, Mr. Huang Ju said that Shanghai's long-term goal of development is to become an international economic, financial and trade centre in 20 years while Pudong will become an internationally-renowned financial, commercial and free trade zone. Mr. Huang made these remarks in his report titled "Welcome to the Take-off of Shanghai" presented at an occasion here today.

Mr. Huang said that there are 395 state-owned local enterprises now undergoing various trial reforms. The accumulated transactions of the Shanghai Financial Exchange have exceeded RMB [renminbi] 30 billion since it started operation five months ago. The number of listed stocks at the Shanghai Stock Exchange has reached 35, nine of which are "B" shares. Transactions of the stock exchange have reached RMB 46.1 billion since the beginning of this year and they are expected to exceed RMB 50 billion for the whole year.

Mr. Huang revealed that the number of newly-approved foreign-funded items was 1,576 in the first ten months of this year, exceeding the sum of the previous 12 years, with pledged foreign capital of U.S.\$2.635 billion.

Invites Cooperation, Investment

HK0212060492 Hong Kong SOUTH CHINA MORNING POST in English 2 Dec 92 p 10

[By Willy Wo-lap Lam]

[Text] Hong Kong remains of vital importance to Shanghai in spite of the on-going difficulties in Sino-British relations, according to the mayor of the east China metropolis, Mr Huang Ju.

In a press conference yesterday, Mr Huang also hinted his city would lobby for more autonomy to ensure it remained at the forefront of China's open door policy.

The mayor, who is leading a foreign trade delegation to Hong Kong, said his city supported Beijing's policy towards the territory, based on the maintenance of its stability and prosperity.

When asked whether relations between Hong Kong and Shanghai would be affected by the Sino-British row, Mr Huang said: "We continue to enthusiastically welcome Hong Kong businessmen to explore investment and other cooperative ventures in Shanghai".

"Economic links between Hong Kong and Shanghai are becoming more and more developed," he said. "Whoever comes first to Shanghai will benefit first."

Mr Huang said he was aware that as a result of the development of the open door policy, other open cities

and economic zones in China boasted "preferential terms" that looked like those applied in Shanghai and its Pudong Economic Zone.

The mayor expressed confidence, however, that Shanghai and Pudong still maintained the edge.

He hinted the city would lobby the central Government for more "special" preferential policies in terms of tax or conditions for foreign investors.

Since patriarch Mr Deng Xiaoping's trip to Guangdong and Shanghai early this year, the city has won more autonomous powers.

For example, after contributing an agreed-upon sum of tax and revenue to central coffers, the municipal government could keep additional earnings for infrastructure development.

Recently, the central Government approved the establishment of a Pudong New Zone Management Committee, which would exercise full governmental powers over the zone.

"Financial and accounting practices in Pudong will be in line with international norms within three years," Mr Huang said.

Shanghai officials indicated a basis of the city's new-found confidence was unreserved backing from Mr Deng.

Mr Huang quoted the patriarch as having said "Shanghai must have pronounced changes every year, and a major facelift once every three years".

As a result, the city was following a "high-speed growth model" and GNP growth this year was four percent more than the national norm.

However, the mayor hinted that in many areas, the city was still at the mercy of bureaucrats in the central Government.

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